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# THE CREDIT WORLD

*The Official Organ of the*  
**RETAIL CREDIT MEN'S  
NATIONAL ASSOCIATION**  
*Incorporated*



WHY is it considered good business to pay production executives anywhere from \$15,000 to \$50,000 a year and to pay sales managers almost as much and then to regard \$10,000 a year as an adequate inducement to attract the highest type of credit man? A company doing millions of dollars of business a year surely could make no poorer investment than a mediocre credit manager treating him as a very minor cog in the wheel.

In my opinion, it would pay handsomely to raise the status of credit managers, to invest them with greater powers and to encourage the development of \$25,000-a-year men, and even \$50,000-a-year men, in this increasingly important profession.

PERCY H. JOHNSTON, President  
Chemical National Bank, New York City

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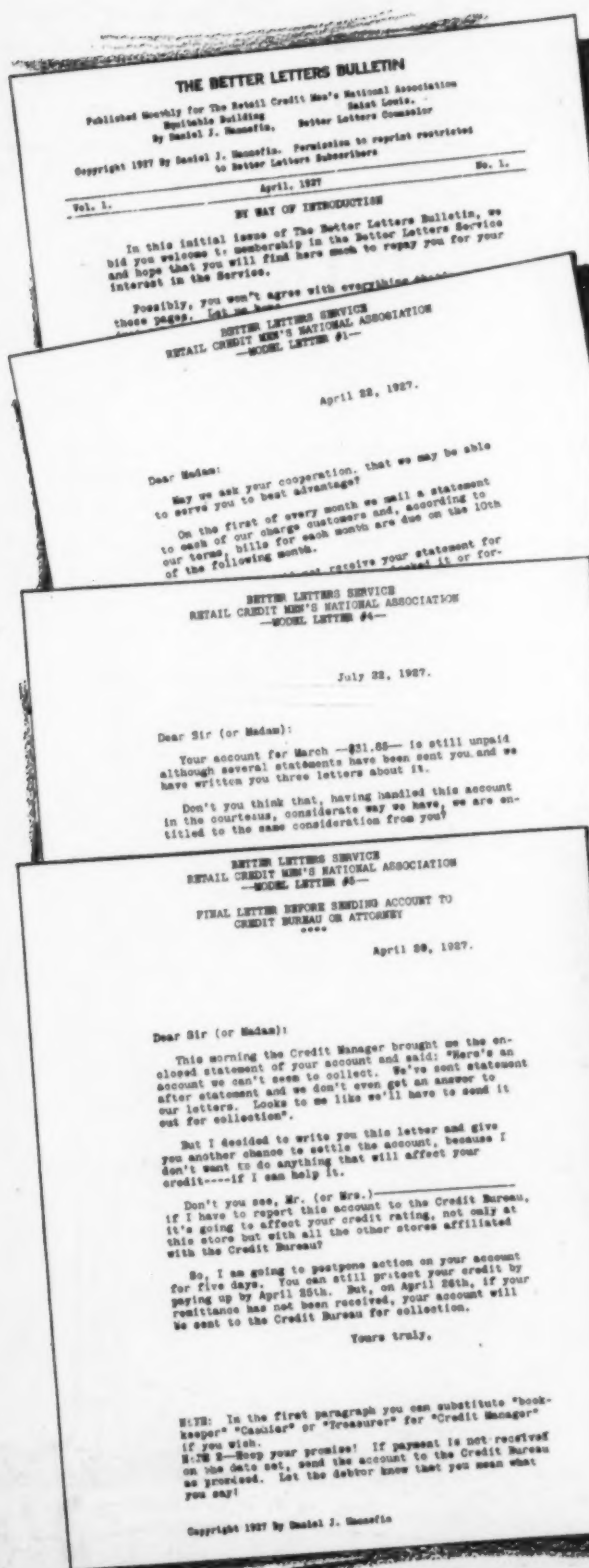
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THE ONLY MAGAZINE IN THE WORLD

SPECIALIZING IN RETAIL CREDITS

# More Proof--of the Value of the New Better Letters Service!



I like the Better Letters Service very, very much, and I think they have helped wonderfully in my collections.

Margaret F. DeArmond,  
J. F. Walker & Company,  
Knoxville, Tennessee.

The Better Letters Service has given me a different idea of the kind of letters which should reach our charge customers.

Have used some of the ideas in your form letters and have found them very satisfactory in the results obtained.

I believe the suggestions made in this Service are of a great deal of help to any credit man and will be glad to recommend it to any one who might inquire regarding this Service.

D. Ashly, Cr. Mgr.,  
M. L. Parker Co.  
Davenport, Iowa.

## Try This New Service-- for Better Collections

Here are a few sample pages from the first issue of The Better Letters Service--a new service for members, which combines model letters for your use and practical suggestions for the improvement of your own letters.

The service consists of:

Six New Collection Letters--every three months. Six model letters that you can use as they are or change to fit your needs. These alone are worth subscription price.

"Credit-Sales" Letters: One "inactive account" letter and one letter to solicit new accounts--each month.

A four page "Better Letters Bulletin" every month--filled with practical articles that will help you to write better letters.

Every issue comes to you in an attractive folder--for desk or file use.

**Only 64 Copies of the First Issue Left!**

Order now and begin with the first issue. On all subscriptions for first issue we will include free three model installment letters--WHILE THEY LAST.

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## Better Letters Service

RETAIL CREDIT MEN'S NATL. ASSN.

Equitable Bldg. - Saint Louis



# THE CREDIT WORLD

Official Organ of the  
RETAIL CREDIT MEN'S NATIONAL ASSOCIATION



Issued Monthly

DAVID J. WOODLOCK, Editor    Subscription: \$5.00 Per Year  
Executive Offices, Equitable Building, St. Louis, Mo.

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## Let Us Help the Small Dealer

The Retail Credit Men's National Association has just turned another page in its history and enters upon its sixteenth year, with a membership and financial resources greater than any time in its history.

This has been achieved through a consistent adherence to one fundamental purpose—sound retail credits. We have devoted all of our efforts towards bringing together the retailers of the country and uniting them upon a community and National credit policy.

We are proud of our accomplishments because we realize every merchant and individual who extends credit has been benefited by our work regardless of membership in our organization.

It, however, strikes us as strange that it is so hard to have the small merchant become enthusiastic about credit granting, or become affiliated with this association. We have repeatedly pointed out the value of credit as a business builder, if properly used. We have shown the losses of the past were a result of ignorance of how to properly handle credit and urged all retailers to band together so they may exchange ideas and form central clearing houses for credit information. We have offered our service and experience to assist in organizing local associations. Yet the small dealer believes he can go it alone even in the face of the fact that all the large and successful merchants of the land are members of our organization.

We have conducted publicity campaigns, bringing home to the buying public the necessity of prompt payment. We have caused to be enacted legislation for the protection of the credit grantor. Yet the small dealer cannot see the wisdom of supporting a National retail credit organization.

It looks like it is up to each individual member to educate the small dealer and bring them into the fold and it is a worth-while work when you realize statistics show 1,313,609 retail stores in the country.

It is possible many small dealers are remaining in the class of small merchants because they have not vision enough to apply large ideas and methods to their business.

There is no better way to acquire large business ideas than by intimate association with large business men; and surely it is logical to feel large business has become so because of successfully applied methods, which the small dealer should imitate in order to promote his own business.

Let us enter into the work of helping the small merchant and bring our membership up to 100,000.



# Taking the Application and Declining the Account

Address delivered at the Seventh Annual Conference of the Retail Credit Men of the Pacific Northwest, at Portland, Oregon, May 16, 17, 1927

By FRANK BATTY

Credit Manager, H. Liebes & Co., San Francisco

Mr. Chairman, Ladies and Gentlemen: I HIGHLY appreciate the opportunity to speak to you today on this important subject. It is a privilege, not lightly to be esteemed, and for which I sincerely thank the committee in charge.

The story is told of an Irish orator who prefaced his speech with the remark: "Ladies and Gentlemen: Before

the exchange of ideas, and if we, by interchange of thought and opinion in the discussion which is to follow, can make two blades of grass grow where one grows at present, then my time spent in coming to Portland, and yours in listening to me, will not have been in vain.

Taking the application, to my mind, is one of the credit manager's most im-

I have heard a credit manager remark that he had no time to waste on taking applications; it was not part of his job and he always relegated that work to a minor. I think such a man has a warped vision: he needs a broader and deeper sense of the superiority of first hand information and its relative value to the fundamental principles of credit granting.

George Borrow, the well known author of "Romany Rye" and "Wild Wales," tells that on one occasion he was determined to find the exact source of a certain river. He spent days in the mountains with a guide and was at last rewarded by the discovery of a tiny stream which wound its enlarging way to the valleys below. Having found it, the guide thought Borrow would be satisfied at the sight, but instead, he knelt down, and taking a long, deep draught, said, "I drink of this stream that I may both see and know that of which I am to write."

If you and I can but grasp the true significance of Borrow's remark and apply it to our distinct prerogative, it will transform what may now appear to be prosaic, dull and unworthy of our time, into a fruitful field of endeavor, repaying us 100-fold for the effort. Literally, the desert will blossom as the rose.

If ever credit granting becomes a recognized profession (and by the way, signs in that direction are not wanting) I trust the dignified professor will never consider it beneath him, or utterly unworthy, to step down from his lofty pedestal in an act of condescension, and "wait on trade."

Some time ago, the San Francisco Association staged a sketch entitled, "The Credit Man of Tomorrow." In the final scene, portrayed 1940 A.D., the "big chief" credit man was a supercilious individual, who drove down to the office in a lordly limousine, arrayed in golf togs with a valet in attend. He scanned a few trade reports



Application should be taken in private by the head of the department

I begin to speak, I want to say a few words."

I will follow his example today by first clearing the ground in an endeavor to gain what is to myself a definite conception of the requirements of our subject, which, by the way, is not of my own choice, and then proceed to state the case from my own experience and observation, which, of course, are open to question.

We may here remark that opinions are not necessarily truth, but the primary reason for this convention is

important duties—assuming, of course, that his department is not too large and that the divisional credit system is not in use, as is necessarily the case in large stores, where it would be practically impossible for one man to interview applicants.

A complete application and that which nearest approaches the ideal is both the blue print and set of working tools for a credit man, the very foundation of the super-structure to be erected, namely, a profitable account, continuing over a period of years.

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versed with the bureau by radio, and left an hour later in an aeroplane for a long week-end in the mountains, leaving his radio station code number with his secretary, in case anything should happen in his absence. A mere figment of the imagination, it is true, and more than 20 years distant. Suffice to add that no successful credit department could be conducted today along such lines.

The question is—should the credit manager take the application or should he not? I unhesitatingly answer—Yes! he should, for the following reasons:

FIRST—Because he is the ambassador of his firm, and the direct authority in matters of credit policy, terms of sale, etc., assuming here of course, that he is peer of his realm and in his department he is "the monarch of all he surveys, whose right there is none to dispute."

The applicant for credit invariably likes to meet the head of the department, and rightly so. Here is, in my opinion, one of the weak spots in modern merchandising, and though it may be off the beaten track of my subject, I believe that business today suffers because of the lack of that personal touch in meeting the public.

I know a highly successful shoe store, long established and high in prestige, in San Francisco, in which a member of the firm is a floorwalker. He greets the patrons with a nod, and a smile of welcome, and directs them to a salesman. Perhaps much of the firm's success may be attributed to that apparently trivial arrangement in store management. Who will deny it?

Perfection is made up of trifles, but perfection is no trifle.

Competition today no longer centers in merchandise, but in personnel and efficient service throughout the store, from the janitor to the chief executive.

Who interviews the applicants for loans from banks and finance companies? Quite frequently the president or vice-president, in smaller concerns where a credit man is not employed—and wherein lies the difference between loaning money and selling merchandise on credit?

I know of one large concern that several years ago started a "drive" for 1000 new accounts. Every salesman and stock girl in the store was armed with a pad of blanks and

a fountain pen. They went over the top, and, like marriage in haste, they repented at leisure.

The credit manager of that store doesn't even tell his confidants what the P and L write off has been the last few years, whereas he previously bragged about it.

I know of another old-established, conservative firm, always considered "as strong as the Rock of Gibraltar," who introduced the plan of allowing salespeople to take credit applications and open accounts. Today they are much concerned about their tremendous outstanding balance and low collection recovery, and are ready to fall into line with a movement for tightening up on credits and collecting more closely.

We in San Francisco were recently told, by no less an authority than the manager of the Los Angeles Credit Association, that the credit men of that city go to their offices each morning, not with the object of seeing how many

tive himself, instead of relegating the job to a minor, we would have less collection problems to face, losses would be reduced, and the good will and business friendships of the store enhanced considerably, as a result.

I have been asked to answer in this paper, several pertinent questions relative to the duties of the credit manager. One is: Should credit man or customer fill in the application? And in reply I will ask you another: Is not illegibility of handwriting, careless spelling and lack of accuracy in necessary information one of the most prolific sources of trouble in the manner in which sales checks are made out by employees, who are supposed to have had training and experience?

Is it reasonable then to expect the uninitiated public to perform that in which many salespeople fail? I say emphatically—No! A customer should never, under any circumstances, be asked to fill in their own application for credit.



The diplomatic credit manager turns "Rejects" into "Cash Customers"

new accounts they can open, but how many they can reject, and the percentage of rejections ranges from 8 to 18.

Col. Leonard P. Ayres, that sane economist and vice-president of the Cleveland Trust Company, recently said: "The dangers of the system lie at the top where credit is granted, rather than among the ultimate consumers, where it is used." This is profoundly true, and I firmly believe that if applications were taken by the execu-

Here is another: Should credit man or salesman secure credit information and close the deal? I answer, a salesman should do neither. He has a big enough job on his hands to properly sell his merchandise; and here let me remark that I believe if a lot of sales were properly consummated—with emphasis on the word "properly"—we would have far less returned merchandise, and another big store problem, which is causing national concern

(Continued on page 12)

# Were Promised Everything Yesterday-- Today We Are Promised Nothing!

By HARRY W. RIEHL

Manager of Better Business Bureau of St. Louis.

**T**HE sellers of worthless securities have never been accused of mental inagility. They realize that the combined forces of Credit Associations, Better Business Bureaus, Postoffice Departments, Bankers and Brokers have directed a deadly fire of searching publicity upon the age-old methods of stock-jobbing. Inadvertent statements all have a tendency, like the bad penny, to come back home. To this truism many stock promoters now residing in Leavenworth and Atlanta will testify.

The sucker list has been explained. The bucket shop has been exposed.

Boiler rooms, dynamiters, stockholders protective committees, high pressure methods, the telephone razz and the tipster sheet have all been the subject of illuminating publicity.

Pitiless publicity is the deadly enemy of financial chicanery and so today the financial pirates have swung to the other extreme. They play upon the same human characteristics as heretofore but in another manner. Avarice, cupidity, covetousness are still the "Open Sesame" to this vast wealth of ignorant investing, but the road is more adroit, more subtle and less dangerous.

Evidence of this new method is found in the plethora of so-called "Co-operative Buying organizations" now sweeping the country. Under various names they are drawing into their membership thousands of gullible individuals whose principal attribute in the field of finance is an innate ability to have a blind faith in their fellowman.

No matter that precedent plainly indicates that these co-operative buying organizations are economically unsound. No matter that the path of these organizations is strewn with the bleached carcasses of hundreds of defunct organizations that attempted to operate on the same principal. Yet the facts are available from any reputable business organizations such as the

Credit Associations and Better Business Bureaus.

\* \* \*

Better Business Bureaus throughout the country have worked long and diligently to get the real facts on these co-operating buying organizations. The Better Business Bureau has always held that the public has a right to know the facts about any offering in which they are asked to put their money.

In gathering these facts for distribution, without cost to the investing public, the Bureau must have the co-operation of all legitimate interests. Reputable companies and individuals have seldom hesitated to give us this information, realizing that the only equitable manner for the Bureau to give a report of facts is to have both sides of the story. The Bureau believes that straightforward facts have never injured a reputable company.

Sometimes the Bureau comes in contact with an individual or company who refuses to present complete facts to the Bureau regarding their offerings. Strange to relate, in almost every instance where this condition has existed, subsequent events proved the unworthiness of the venture.

Such has been the case with the co-operative clubs and associations with which the Bureau has come in contact. They give out no information. They say it is a part of their creed. In the instructions to prospective members issued by one of these clubs, they say—but let the circular speak for itself:

"Every member who contemplates membership in the \_\_\_\_\_ must distinctly understand that he is risking the amount of money put in by him just as all other members have done. If it were possible for any prospective member to assure himself that there was no risk to him financially in the proposition, it would not be satisfactory to the organization to accept him. The members who built

up the organization have completed the hard and arduous work, and they do not intend to add, to the risk of their own money and their freely given energy over a long period, the further burden of carrying 'sure thing' business men on their own shoulders, with a guarantee that they can't lose. You don't buy anything with your \$20.00 Initiation Fee except the right to work hard and show that you are worthy of having charge of a business of your own. There is no guarantee whatever of anything, but a distinct understanding that if you are not willing to do your share that you will be dropped from the organization. The very fact that any prospective member seeks to assure himself, by one means or another, that he is not risking his money shows conclusively that he is trying to avoid bearing his share of the burden and demonstrates that he isn't enough of a business man to really grasp the theory of the organization.

"As to the methods by which the results in this organization are obtained, we desire to state plainly that all members are admitted as Associate Members and subjected to a period of probation, at the end of which period, if they have proved themselves loyal and thoroughly in earnest, they will be admitted as Full Members. Prior to that time, very little will be told as to the methods of accomplishing results. Any man with ordinary brains can understand the reason for this. If these methods attain results which are extremely gratifying to the members, it is very evident that other men by using the same methods could secure approximate results. Each prospective Associate Member feels, of course, that *he himself* is worthy of being trusted to the fullest extent with this essential information, but until this member is willing to vouch for his belief that *every other man* in the organization is also worthy of being trusted in this extent, without any previous test of his loyalty and in-

(Continued on page 11)

# Our Legal Department

## WHEN BUSINESS LETTERS MAY BE LIBELOUS

By LESLIE CHILDS

*Written Expressly for Lefax*

IT GOES without saying, that the great majority of business executives are fully aware of the danger in the writing of a letter that may be termed libelous. It follows, that business correspondence is, as a general rule, kept entirely free from expressions or statements that might be questioned in this respect.

However, it will be agreed, that there are times when it requires considerable restraint to repress a desire to call things by their proper names. And, in situations of this kind, even the most prudent letter writer may overstep the bounds, and thereby provoke costly litigation, unless the principles of the law of libel are kept in mind.

And, in this connection, it may be stated broadly that any defamatory words which serve to injure another, or tend to degrade him in the eyes of his associates, may constitute libel if written and published. With this definition in mind then, an examination of a few actual cases in which the rule has been applied may prove of considerable interest as well as profit.

### CASES IN POINT

In one case of this kind the following was held to amount to libel per se:

"If you want to know what kind of a man . . . is, I can tell you. He is a liar and dead beat of the first order and I would like to sue him to get what he owes me. . . ." (Morgan v. Andrews, 107 Mich. 33.)

In another case a letter was written which, among other things, stated:

"I would advise you to look out for the man (naming him) that you are shipping milk or cream to, unless you have surety for your goods, as he does not pay any of his shippers anything . . ."

In reasoning upon the legal effect of this letter the court said:

"The manifest purpose of the letter . . . was to induce the person to whom it was sent to stop selling milk and cream to the plaintiff, and commence

selling the same to the defendant. In other words, it was a written slander upon the plaintiff in his trade and business; and as such, it tended to prejudice the plaintiff therein, and hence was, within the well-established rules of law, libelous per se, though not imputing any crime . . ."

It may be noted in passing that in this case judgment was rendered against the letter writer in the sum of \$2,500, and the higher court in declining to set this aside, on the grounds that it was excessive, said:

"We cannot say that the damages found are so excessive as to create the belief that the jury were misled either by passion, prejudice, or ignorance, and that the court abused its discretion in allowing the verdict to stand; and hence . . . we do not feel authorized to reverse the judgment upon that ground. . . ." (Brown v. Vannaman, 85 Wis. 451.)

So much for the above illustrations of cases in which the language used was held to be libelous. In these cases the letters involved were in no way privileged, being, it appears, sent by the defendants to third parties for reasons of their own. Further, the question of publication was not in issue, for the letters were mailed directly to the third parties to whom they were addressed.

### DICTATION TO STENOGRAPHER AS PUBLICATION

However, since publication is necessary to create a right of action for libel, the point is worthy of consideration. Of course if, as in the cases reviewed, the letters are sent to a third party there will be a publication. But suppose a libelous letter is mailed directly to the person spoken of? In this case we have the interesting question of whether or not the mere dictation of such a letter to a stenographer will amount to publication.

In dealing with this point, it may be stated at the outset that the courts are not in accord on the question. Some courts hold that the dictation of a letter to a stenographer does not constitute a publication. Other courts have taken the position that such dictation does amount to a publication.

The reasoning of the latter may be illustrated by the following language:

"We cannot doubt that the dictation to Miss Willis, though taken down in stenographic characters, produced in her mind as full and complete perception of the thoughts of the appellant, as a slower dictation, for the purpose of reduction to ordinary characters, would have produced in the mind of one not a stenographer. . ."

"A communication therefore to a stenographer must be regarded precisely as a communication to an ordinary amanuensis, and as establishing all that is ordinarily necessary to constitute publication. . . ." (Bambrill v. Schooley, 93 Md. 48.)

And in another case of this kind the court said:

"The dictation of a libelous letter to a stenographer, who copies it from his notes on a typewriting machine, and the subsequent signing thereof by the person dictating, is a publication of the contents of the letter sufficient to support libel or slander, although there is no communication of its contents to any other person. . . ." (Ferdon v. Dickens, 161 Ala. 181.)

However, as heretofore noted, another line of cases hold just as strongly that dictation alone does not constitute publication. Witness the following:

"Under the facts of this case we think that the letters were privileged, and that there was not, in a legal sense, a publication of the letters in question. The appellant in this case is a corporation, and, of course, can act only through agents, and the acts of both the president and the stenographer to whom the letter was dictated are the acts of the corporation. In our opinion, under the present conditions, the dictation of a letter to a stenographer in the business, is not a sufficient publication, in the absence of any repetition by the person or stenographer to other persons. . . ." (Cartwright-Caps Company v. Fischel, 113 Miss. 359.)

### CONCLUSION

Obviously, the foregoing review touches but lightly on certain phases

*(Continued on page 10)*



# The Secretary's Annual Report

## Report of Activities and Progress of the Retail Credit Men's National Association for Fiscal Year Ending June 30, 1927

By D. J. Woodlock, Secretary-Treasurer

To the Officers and Directors of the Retail Credit Men's National Association:

We submit herewith report of the progress of your Association for the fiscal year ending June 30, 1927, together with financial statement as shown by report of our auditors, Touche Niven Company, Certified Public Accountants.

Again we show an increase in service, financial strength and membership. But the outstanding achievement of the year is the securing of financial independence. Like all organizations, our ability to perform service which we desired to give was hampered by lack of proper financing, and five years ago we issued certificates of indebtedness to the amount of \$13,000.00. These were sold to our members, and it is safe to say that 90% of those purchasing considered it a donation to the cause and not an investment. Each year we set aside a part of our income as a reserve to take care of this indebtedness when due on April 1, 1927, and we are today able to report the full payment, with interest at 6%, of all these certificates, \$9,360.00 being redeemed on closing of our books and remainder being paid as fast as presented; so this entire indebtedness has been wiped out and your Association shows a cash balance in the bank of \$15,860.61, absolutely free of any lien. This, with our accounts receivable from membership dues, and our accumulation of tangible assets, such as office equipment, places your Association in an excellent financial position.

It is true we have curtailed many activities in order to achieve this result, but we have not been idle. We have constantly added to our service and are today recognized as the most important organization in the retail profession. At no time has there been so much unity of action in the handling of credit, or more consistent effort to eliminate the undesirable and promote safe, sane and standardized credit policies than at present. Merchants realize that today's retail business requires modern methods and that means Local Credit Men's Associations with Central Credit Reporting Bureaus as clearing houses for the assembling and dissemination of information regarding charge customers. We meet at this, our Fifteenth Annual Convention, with the knowledge we have built a financially sound and economically right structure upon which the future retail credit policy of the nation must rest in order to succeed.

### Membership

This year we reach the goal we set sometime ago, of 15,000.

During the year we enrolled 4082 new members, and cancelled 2780 memberships, giving us a total membership on June 30, 1927, of 15,020.

The percentage of cancellations appears large, but an analysis shows 90% are from organized cities and due to local conditions over which the National had no control, high pressure selling methods which did not build stable membership, and lack of proper organization with National tie-up. This again emphasizes our oft-repeated statement that National membership fee must always be included in Local Association dues and not collected as a separate item.

We feel the past year has shown decided advancement in the building of stable local membership, and a more intimate relationship between the officers of the locals and the National office. The National office is now furnishing each local with a monthly program of suggested activities and topics for discussion at their meetings and attempting to harmonize the membership expiration dates of individuals so as to create a fiscal year in each local with uniform expiration dates, thus avoiding the constant misunderstandings which must necessarily occur where each membership expires on different dates.

The Mississippi Valley flood seriously hampered the growth and development of local Associations in the States of Tennessee, Louisiana, Arkansas and Mississippi. Even that most progressive local in Memphis, Tennessee, was forced to give up membership activity entirely in order to assist in relief work and, as a result, for the first time in its history shows a loss of membership. The smaller locals in the lower Mississippi Valley were even more seriously affected than Memphis.

Graphic Chart Showing Growth of Retail Credit Men's National Association



### Membership by States

States	June 30, 1926	New	Canc.	June 30, 1927	Gain	Loss
Alabama	175	36	16	195	20	0
Alaska	0	1	0	1	1	0
Arizona	22	16	4	34	12	0
Arkansas	109	47	24	132	23	0
Australia	1	0	0	1	0	0
California	831	86	235	682	0	149
Canada and England	51	5	12	44	0	7
Colorado	312	288	56	544	232	0
Connecticut	214	75	16	273	59	0
Delaware	84	0	10	74	0	10
District of Columbia	384	94	102	376	0	8
Florida	143	24	60	107	0	36
Georgia	122	31	39	114	0	8
Germany	1	1	0	2	1	0
Hawaii	4	0	2	2	0	2
Idaho	27	11	2	36	9	0
Illinois	253	126	38	341	88	0
Indiana	187	130	21	296	109	0
Iowa	805	127	147	785	0	20
Kansas	130	181	3	308	178	0
Kentucky	130	12	9	133	3	0
Louisiana	316	10	224	102	0	214
Maine	21	4	0	25	4	0
Maryland	256	15	24	247	0	9
Massachusetts	350	29	37	342	0	8
Michigan	609	29	264	374	0	235
Minnesota	499	33	35	497	0	2
Mississippi	37	8	8	37	0	0
Missouri	1,439	464	254	1,649	210	0
Montana	102	10	21	91	0	11
Nebraska	295	381	107	569	274	0
Nevada	2	2	0	4	2	0
New Hampshire	3	2	0	5	2	0
New Jersey	125	23	24	124	0	1
New Mexico	9	2	1	10	1	0
New York	785	256	152	889	104	0
North Carolina	34	9	3	40	6	0
North Dakota	11	12	2	21	10	0
Ohio	1,137	293	181	1,249	112	0
Oklahoma	434	91	98	427	0	7
Oregon	165	151	47	269	104	0
Pennsylvania	577	416	48	945	368	0
Porto Rico	1	0	0	1	0	0
Rhode Island	62	38	1	99	37	0
Russia	1	0	0	1	0	0
South Carolina	3	4	0	7	4	0
South Dakota	24	1	6	19	0	5
Tennessee	798	63	177	684	0	114
Texas	895	176	180	891	0	4
Utah	44	12	12	44	0	0
Vermont	1	1	0	2	1	0
Virginia	88	9	25	72	0	16
Washington	363	63	22	404	41	0
West Virginia	54	26	7	73	19	0
Wisconsin	187	133	20	300	113	0
Wyoming	6	25	4	27	21	0
<b>Total</b>	<b>13,718</b>	<b>4,082</b>	<b>2,780</b>	<b>15,020</b>		

## RECAPITULATION:

Membership June 30, 1926	13,718
New members received during year	4,082
Cancellations received during year	2,780

Net gain..... 1,302

Membership June 30, 1927..... 15,020

## FIVE LEADING STATES

Missouri	1,649
Ohio	1,249
Pennsylvania	945
Texas	891
New York	889

FOLLOWING IS A LIST OF MEMBERSHIPS BY CITIES  
SHOWING GAIN OR LOSS

	June 1926	New	Canc.	June 1927	Gain	Loss
<b>ALABAMA</b>						
Bessemer	24	10	1	33	9	0
Birmingham	103	13	16	100	0	3
Mobile	22	1	0	23	1	0
Montgomery	24	0	1	23	0	1
<b>ARIZONA</b>						
*Tucson	4	16	0	20	16	0
<b>ARKANSAS</b>						
El Dorado	21	1	3	19	0	2
Ft. Smith	10	17	10	17	7	0
Little Rock	55	9	7	57	2	0
Pine Bluff	11	0	1	10	0	1
<b>CALIFORNIA</b>						
Bakersfield	11	3	2	12	1	0
El Centro	89	0	30	59	0	30
Eureka	29	0	5	24	0	5
Los Angeles	260	20	34	246	0	14
Oakland	44	4	4	44	0	0
San Diego	12	8	1	19	7	0
San Francisco	124	11	11	124	0	0
*San Jose	5	12	0	17	12	0
<b>CANADA</b>						
Windsor	18	4	5	17	0	1
<b>COLORADO</b>						
*Alamosa	2	13	0	15	13	0
Denver	164	34	18	180	16	0
*Grand Junction	3	147	0	150	147	0
Greeley	17	18	16	19	2	0
*Monte Vista	1	20	0	21	20	0
Pueblo	39	8	4	43	4	0
<b>CONNECTICUT</b>						
Hartford	109	14	3	120	11	0
New Britain	33	26	10	49	16	0
New Haven	39	10	12	37	0	2
*Norwich	2	16	0	18	16	0
*Waterbury	1	44	0	45	44	0
<b>DELAWARE</b>						
Wilmington	78	0	9	69	0	0
<b>DISTRICT OF COLUMBIA</b>						
Washington	330	94	48	376	46	0
<b>FLORIDA</b>						
Tampa	45	6	4	47	2	0
<b>GEORGIA</b>						
Atlanta	91	11	24	78	0	13
Columbus	38	0	16	22	0	16
<b>ILLINOIS</b>						
Chicago	69	11	11	69	0	0
Decatur	17	7	5	19	2	0
*Freeport	8	11	1	18	10	0
Joliet	13	9	0	22	9	0
Peoria	16	2	1	17	1	0
Springfield	43	13	6	50	7	0
<b>INDIANA</b>						
Ft. Wayne	17	6	3	20	3	0
Indianapolis	2	31	0	33	31	0
*Muncie	1	45	0	46	45	0
South Bend	84	4	0	88	4	0
<b>IOWA</b>						
Cedar Rapids	28	0	10	18	0	10
*Clinton	6	22	0	28	22	0
Davenport	78	16	10	84	6	0
Des Moines	282	76	28	330	48	0
Sioux City	341	7	76	272	0	69
<b>KANSAS</b>						
Topeka	13	5	1	17	4	0
Wichita	41	153	10	184	143	0

	June 1926	New	Canc.	June 1927	Gain	Loss
<b>KENTUCKY</b>						
Lexington	14	5	3	16	2	0
Louisville	94	13	5	102	8	0
<b>LOUISIANA</b>						
Baton Rouge	56	0	14	42	0	14
New Orleans	205	16	63	158	0	47
Opelousas	22	4	0	26	4	0
Shreveport	31	0	5	26	0	5
<b>MAINE</b>						
Portland	21	2	0	23	2	0
<b>MARYLAND</b>						
Baltimore	244	8	32	220	0	24
Cumberland	54	0	10	44	0	10
<b>MASSACHUSETTS</b>						
Boston	160	0	19	141	0	19
Springfield	129	13	19	123	0	6
<b>MICHIGAN</b>						
Battle Creek	25	1	15	11	0	14
Detroit	198	34	45	187	0	11
Flint	15	1	5	11	0	4
Grand Rapids	47	0	16	31	0	16
Lansing	186	0	157	29	0	157
Pontiac	18	3	1	20	2	0
<b>MINNESOTA</b>						
Duluth	74	5	14	65	0	9
Minneapolis	288	23	29	282	0	6
St. Paul	134	6	21	119	0	15
<b>MISSISSIPPI</b>						
Jackson	7	3	0	10	3	0
<b>MISSOURI</b>						
*Festus	0	10	0	10	10	0
*Joplin	10	3	0	13	3	0
Kansas City	383	75	58	400	17	0
*Marshall	0	58	0	58	58	0
St. Joseph	64	3	12	55	0	9
St. Louis	808	186	169	825	17	0
Springfield	42	10	3	49	7	0
<b>MONTANA</b>						
Great Falls	16	1	0	17	1	0
Missoula	58	7	18	47	0	11
<b>NEBRASKA</b>						
*Columbus	1	134	0	135	134	0
Lincoln	90	18	17	91	1	0
Omaha	71	329	0	400	329	0
<b>NEW JERSEY</b>						
Newark	98	22	16	104	6	0
<b>NEW YORK</b>						
Auburn	39	5	3	41	2	0
Buffalo	17	0	1	16	0	1
New York	413	86	32	467	54	0
Rochester	104	22	26	100	0	4
Schenectady	30	13	5	38	8	0
Syracuse	23	0	2	21	0	2
Utica	89	44	6	127	38	0
<b>NORTH DAKOTA</b>						
*Bismarck	1	9	0	10	9	0
<b>OHIO</b>						
Akron	93	0	12	81	0	12
Cincinnati	28	31	6	53	25	0
Cleveland	677	242	106	813	136	0
Columbus	28	4	6	26	0	2
Dayton	25	3	0	28	3	0
*Lima	7	4	0	11	4	0
Toledo	70	13	6	77	7	0
Youngstown	54	17	9	62	8	0
<b>OKLAHOMA</b>						
Cushing	13	0	1	12	0	1
*Fairfax	0	11	0	11	11	0
Muskogee	21	10	1	30	9	0
Oklahoma City	57	41	6	92	35	0
Okmulgee	13	9	3	19	6	0
Ponca City	42	7	11	38	0	4
Tulsa	92	8	10	90	0	2
<b>OREGON</b>						
Portland	163	116	47	232	69	0
<b>PENNSYLVANIA</b>						
Harrisburg	34	6	3	37	3	0
Lancaster	49	15	3	61	12	0
Philadelphia	38	2	5	35	0	3
Pittsburgh	238	331	26	543	305	0
Scranton	21	1	2	20	0	1
York	43	13	4	52	9	0
<b>RHODE ISLAND</b>						
Providence	65	28	6	87	22	0

(Continued on page 18)

# National Prepares Textbook

**T**HE National office constantly seeks new ways and means of further serving its membership. In line with this policy, it announces the completing of a task that has taken one of its staff two years' time to prepare.

For years the National office has been besieged with requests for information on such subjects as:

"How to start a bureau."

"How to operate."

"How to sell the service."

"How to retain the membership."

It was impossible to answer any one of these questions in the space of a short letter. Neither were these the only questions. Inquiries rained in asking for help in each and every bureau activity. Anxious to be of service, the National was helpless in this branch of its work.

Two years ago, the Finance and Executive Committee of the National requested one of the members of the National staff to prepare a textbook on "Credit Bureau Management." A request from such a committee is practically an order, so that, although the task was appalling, the staff carried on.

No text on this subject had ever been printed. Search in the largest libraries revealed a total dearth of information. Fortunately, the National office had a complete file of all the magazines and bulletins issued by its service bureau department, running back to 1906. All of this information was read and indexed. Drawing on this data and on seventeen years' experience as a bureau manager, and ten years' experience in National work, the author endeavored to sift out all the best thought and practice as reported by successful bureaus in every part of the country.

The task is completed and again the National comes forward with another service to its membership and another contribution to the cause of better credit.

The printing is by Prentice-Hall, of New York City, one of the largest and best business book publishers. In announcing this text, Prentice-Hall say:

Announcing—

"Credit Bureau Management."

Mr. J. R. Truesdale, Secretary-Treasurer of the Credit Service Exchange Division of the Retail Credit Men's National Association, has just prepared a book on "Credit Bureau Management."

It presents, for the first time, tested methods which credit bureaus have found practical in perfecting the service rendered to sustaining members. It shows how services can be sold through planned sales effort, through assistance of members, and by use of printed material.

Under the section on "Securing Information," several valuable, but frequently overlooked, pointers are given on how credit facts are obtained from old and new members.

Other subjects covered are:

Operation of Credit Bureaus.

Sales Value of Bulletin Services.

Danger of "Legally Honest" Agencies.

Standard Reports.

Local, State and National Affiliations.

The book swings along in an interesting style. It enables you to refer readily to any credit bureau problem in which you are interested—and does it quickly.

## PETITION (New York Sun)

Thou Who Art Merciful—  
Lenient toward weaknesses—  
Mold me Thy way.  
Steep me in kindness  
Tolerance and righteousness  
Guide me, I pray!

Cleanse me of selfishness,  
Complainings and sordidness.  
And may I find,  
Deep in my consciousness,  
Rare qualities waiting—  
As yet, unmined!

Grant me a singing heart,  
Attuned to the beautiful,  
Along life's way.  
Thou Who Art Merciful—  
Lenient toward weaknesses—  
Heed me, I pray!

## When Business Letters May Be Libelous

(Continued from page 7)

of the subject involved. However, the points noted are of great importance, and familiarity with these holdings may prove worthwhile insurance against danger points of this kind in business correspondence.

In the light of the cases reviewed, it is clear that the publishing of any defamatory matter in a letter may constitute libel. As to whether or not there has been a publication much will depend on the facts involved, and, as we have seen, if the letter was merely dictated to a stenographer, upon the holding in respect to publication in the jurisdiction where the case arises.

However, viewing the subject as a whole, in the light of the cases thereon and the possible danger involved, it would seem a wise business policy to avoid language so vigorous that it could in any event be held libelous. In this situation, it would appear that the old adage, in respect to "an ounce of prevention being worth a pound of cure," would be well worth adopting in the conduct of business correspondence.

## CLEVELAND COLLECTIONS are SOLICITED

**D**EPARTMENT  
owned and controlled by representative  
retail establishments of  
City.

Association will accept,  
and solicits, all forwarded  
claims for collection.

Address

The Cleveland Retail  
Credit Men's Company

405 Chamber of Commerce  
Building - Cleveland, Ohio



## Were Promised Everything Yesterday-- We Are Promised Nothing Today!

(Continued from page 6)

tegrity in business matters, he must acknowledge that this is the only course that we can pursue, much as we would like to have every member know the full details.

"We have deliberately, in this organization, tried to make it impossible for a man to join same unless he really believes in the theory underlying it. For this reason we have purposely refrained from securing as members, men whose names are so well known and whose business and financial standing are so high that they would attract members themselves, as distinguished from the organization. For the same reason we have endeavored to make it impossible for the Commercial Agencies or business organizations to satisfy themselves of the financial soundness of the organization. Our credit is good wherever we desire it to be so. All our bills are paid promptly each month and our financial matters are handled with exceeding care. But it is not our desire or our intention to secure prestige as an organization until *after* our membership is completed. We want to know that no member admitted could have any substantial reason for entering the organization, other than his belief in the soundness of the theory on which same is founded."

Representatives of the club have distinctly said that the principal essential to membership is the ability to have faith in your fellowman. Other literature states that undue inquisitiveness on the part of the prospective member renders the applicant ineligible. Sole authority to operate the club, dispose of its finances, and to lay down its policies is vested in a small group of self-appointed directors.

A questionnaire of some 50 questions properly filled out, is one of the requirements of membership. These questions are of a very intimate nature. "Do you own your own home? Is it mortgaged? Who holds the mortgage? Do you own your automobile. What make? Year? How much insurance do you carry? With what companies? What banks do you do business with? What is your present salary?" These

are some of the ultra-personal questions whose answers must be turned into the organization files before the lucky (?) applicant is admitted.

*And to cap it all, the applicant agrees in writing that he will not question the motives or actions of the promoters, and will not expect any monetary return on his money for one full year.*

Yes, implications of from 20% to 50% savings are made in the literature. Apparently that is the only specific lure offered.

Members of the club, in their eagerness to let their friends in on the ground floor, have made promises and statements that are not borne out by the facts developed by the Better Business Bureau's investigational forces.

Rumored savings of a substantial nature are accredited to purchases to be made from large automobile companies, grocery chains, department stores, etc. Almost without exception these savings are unsupported by facts. Indeed, those interviewed by the Better Business Bureau have emphatically denied any connection and have so expressed themselves in no uncertain terms to the officers of the club.

What does the member get for his substantial initiation fee and monthly dues? Nothing but flowery speeches of the "pep" type at the monthly meetings and the idealistic admonition to "have faith!"

What is the member promised? Nothing. Yet he must pay for the satisfying feeling that faith in his fellowmen will enable him to save on his purchases; to dictate to the business man what he shall charge for his automobile, his clothing, his insurance, his food, etc.

In the meantime, Missouri, through its Securities Commissioner, Hon. F. T. Stockard, has issued an order against one of these companies to cease and desist its activities in this state. The department has been temporarily enjoined and a hearing on the injunction is expected every day. California has held that the sale of membership in these clubs is in violation of their Blue Sky Law. Attorney General Ottinger of New York State secured, on July 15,

a temporary injunction against one of these companies whose activities are characterized as the "million dollar march to Mammon." Attorney General Ottinger asserts that a total of 51,000 members have been secured by this one club, over a million dollars has been collected in initiation fees, the president receives \$36,000 a year salary, and the cash on hand was said to be fifty dollars.

### BULK SALES DECISION IN MICHIGAN

A grocery and meat market closed because of fire, did not prevent the Bulk Sales Law from applying to the stock and fixtures, where the damage could be remedied and the business continued. *Hoja vs. Motoc*, 235 Mich. 258.

FOR SALE: Exceptional buy in established independently owned retail credit bureau. Located in live community offering exceptional opportunities. Reason for selling, owner has other business. Price is right. For particulars write S. Z. Stewart, Manager, Lawrence County Credit Bureau, First Nat'l Bank Bldg., Lawrenceville, Illinois.

## Your Collections

... in ...

## DETROIT

Will receive the best attention  
possible if sent to

### The Merchants Credit Bureau, Inc.

The largest collection department  
in the city devoted exclusively to  
RETAIL ACCOUNTS.

The benefits accruing in placing  
your accounts with an organization  
owned by the merchants, for their  
protection, are self-evident.

Rates Reasonable  
Safety Assured

Address—602 Barlum Bldg.

## Taking the Application and Declining the Account

(Continued from page 5)

and alarm, would also be minimized. In our store a salesperson is forbidden to even discuss terms of sale with a customer. That function belongs exclusively to the credit department.

And another: In taking the application and dealing with the customer for the first time, is it not necessary to inject real personal interest rather than to have the credit questions flow mechanically?

By all means manifest a personal interest in your applicant; and herein lies the acid test of the credit man's efficiency and diplomacy. Knowledge of at least elementary psychology, coupled with that intuition born of experience and good judgment in handling the public, is absolutely essential, and, assuming the interrogator is possessed of these indispensable qualities, he will have no difficulty in securing all the information he desires—very often a surplus.

Too often, alas, the interview resembles an inquisition, the bringing of a lamb to the slaughter, with results which are obvious. How often has it been said "Here's where I go to give my life's history," or, "to get the third degree," and similar expressions which in many cases act as a deterrent.

I have seen worthy applicants for credit trembling with fear on being introduced to an austere, sour-faced credit man who acts as though he were conducting a trial by jury.

It is little short of criminal to see the way in which potential customers are handled in some credit offices. The house is spending thousands of dollars to bring the public into the store, only to have them driven out by a chilling reception on the part of an irritant.

Little wonder that Mr. Reigel's caustic strictures on the credit man should have caused such widespread attention. I never pass a Post Street, San Francisco, establishment, where there is stationed a tall, genial-looking chap in brass-buttoned uniform, without comparing him to a misplaced credit man, and saying to myself, in the words of Kipling, "He's a better man than I am, *Gunga Dhin*."

There is no job on earth from which a man may derive greater satisfaction

than yours and mine, if properly handled. It is a liberal education, related closely to the fine arts—this meeting people from every walk—the nobleman's lady and Julia O'Grady—selling the house and making them feel welcome in the service you have to offer them.

Read Isaac Walton's "Compleat Angler" once in a while, put some vibrant imagination into your job, and then govern yourself accordingly. Ask questions—yes—lots of them, but ask them in such a manner as to entirely disarm your customer of suspicion, and dispel embarrassment.

Spend \$5.00 and read Will Durant's "Story of Philosophy," one of the most fascinating books of modern times.

Study the methods of Socrates, who asked suggestive questions and got all the information he was looking for as the result; and remember that Socrates' last words, writhing in the death throes, after he had drank the hemlock, were: "Crito, I owe a fowl to Asclepius; will you remember to pay the debt?" "The debt shall be paid," said Crito, and Socrates was dead.

May not, too, the uppermost thought in the mind of a satisfied customer be the dignity of, and the reverence for, an obligation, which was impressed in your first interview. I leave the thought with you.

I have been astonished beyond measure to see some of the dens and caves of the earth in which credit men are housed, which carry the misnomer—credit office, and to which the public are invited. Dark, except for artificial light; never a ray of sunshine or breath of fresh air; scantily furnished and unattractive; a disgrace to the firm. And this comes under the question where best to take the application—at open counter or in private? The answer is, in private—always.

Personally speaking, I have for my office the most attractive suite in the building; a private outside room for interviews, neatly furnished and carpeted, with a growing plant here and there, and a comfortable homelike atmosphere.

There is psychology in this—make your customer feel at ease on entering

the office. Let the very surroundings suggest quiet, businesslike order and the rest usually comes easy.

We have made it a rule never to take applications on the floor or in fitting rooms, unless the circumstances are very exceptional. At such times, the customer is pre-occupied with purchasing. She is in no mood to be questioned and the frequent result is a hurried and unsatisfactory interview.

In every instance the salesperson is requested to accompany the customer to the credit office, and introduce her by simply saying, "Mr. Blank, this is Mrs. Jones, who wishes to open a charge account with us." The salesperson then withdraws and no one else may enter until the application is completed and signed and the customer departs.

Answering the question, "How do you begin your inquiry for credit information?" We usually say, "Good morning, Mrs. Jones, please be seated;" and then, "Have you ever previously had an account with us?" This is a preliminary, because some people believe that an inactive account needs to be re-opened by another application. If the answer is in the affirmative, it is then a simple matter to procure the old record and revise it, with customer's assistance.

What do you consider an ideal questionnaire—one suitable for both open and installment accounts? In the first place, I would not differentiate between the two. The object in both cases is the same, and what serves one purpose will undoubtedly serve the other. A complete application is necessary for both, so why make a distinction?

What's an ideal questionnaire? In common parlance "there ain't no such animal"—or better still, it is the via media between the sublime and the ridiculous.

I present to you Exhibit A, which provides for more answers, exclusive of references, than there are states in the Union, and which would exasperate a saint. How any man had the unmitigated nerve to ask this array of questions is beyond my comprehension. Fortunately, this type is obsolete and forms of standard practice are now in common use. Very often the blank compiled by your bureau can be recommended.

(Continued on page 24)

# Selecting Charge Accounts

*Caution Is the Watchword When Selecting Charge Accounts*

By WILLIAM E. KOCH

Director, Bureau of Business Training, National Association of Retail Grocers, Kansas City, Mo.

**T**HE term "credit" is not at all well suited for what we have in mind as a safe, sane and sound basis for operating a business with the aid of customers' accounts.

The extending of credit isn't merchandising. It's an entirely different sort of proposition.

In the strictest sense, a merchant has no business extending credit. If he does so, he is to that extent conducting a business that isn't merchandising.

## "TO SELL GOODS"

The little dictionary on my desk defines a merchant as "one who keeps a store or shop to sell goods." To sell goods—that, then, is the aim, object and purpose of merchandising—to sell goods, not to extend or even to *sell* credit.

We do not lose sight, of course, of the enlightened fact that the merchant who gets the most pleasure and profit from his enterprise, places the rendering of a worth-while service to his community as the first, foremost and dominant motive of his business.

As the Rotary Code of Ethics states it:

"To consider my vocation worthy and as affording me a distinct opportunity to serve society."

And again, in another portion of the code:

"To hold that the exchange of my goods, my services and my ideas for profit is legitimate and ethical, provided that all parties in the exchange are benefited thereby."

These are good words for all business men (including grocers) to think about.

We all realize, of course, that the merchant's basic means for rendering this worth-while service to society lies in furnishing society with the goods that it needs—in merchandising; and that the only possible way in which he can continue in the service is to make his merchandising operations produce a proper profit.

## IT'S THE SAVING GRACE OF CIVILIZATION

We all want to keep the spirit of service to the fore. We all want, with



every possible means at our command, to help it become more and more a prevailing influence in business. It is the saving grace of civilization—the Spirit of Service.

But what has all this to do with care in the selection of customers who are worthy of charge accounts?

You know that the particular species of merchants who seem to think it their bounden duty to help out the needy fellow isn't extinct. We find them everywhere.

No doubt they are prompted purely by the Spirit of Service, and that certainly is commendable. But the question is:

*Are they keeping the everlastingly necessary element of ultimate profit clearly enough in mind? Are they realizing that when this everlastingly necessary element of ultimate profit is missing, even the best of brotherly intentions must ultimately take the count?*

A noted bishop once spoke of "fool saints." It's an expressive term.

Not that we would eliminate help for the needy, not by any means. The one point is that charity is charity in exactly the same sense as business is business.

The merchant who extends credit out of sympathy is either charitable or foolish, one or the other. If he recognizes the act as one of charity, can afford the cost and correctly charges the cost to charity—that's fine! That's

an intelligent application of the Spirit of Service. Long may it live!

But if he doesn't—well, there's no need to enlarge on the alternative.

## "TO LOAN MONEY"

Further front in my little dictionary I find that a bank is "a place for custody, loan, exchange, or issue of money."

Merchandising and banking are two distinct businesses; the merchant sells goods for profit and the banker loans money for profit. There's a clear-cut distinction.

In the old days, when banks were few and far between, it frequently devolved upon the merchant to play the part of banker to his customer—to extend credit.

But in those days the margins were long enough and the expenses low enough so that it wasn't so tremendously important to specialize.

The day of necessity for being a combination merchant-banker is happily of the past. Today, practically every little hamlet in the land is supplied with a bank of its own. And we must remember that the bank exists to provide credit for profit, just as the store exists to provide merchandise for profit.

## WHO PAYS THE BANKER'S PROFIT?

Isn't it altogether logical to assume that if the bank—the institution that makes a business of extending credit—cannot afford to take the risk on a given individual, the merchant who makes a business of buying and selling merchandise cannot afford to do so?

Of course, if the merchant desires to play both parts, realizes that he's doing it, correctly counts the costs and can afford it—that's a different matter.

While we're thinking about the bank's business, let's remember this obvious fact: Whenever any customer's account is permitted by the merchant to run beyond the time at which it is supposed to be settled, it simply means that the merchant is financing that customer to the extent of the amount involved.

(Continued on page 25)



# National Office Items

## COLORADO PASSES NEW GARNISHMENT LAW

We are advised by President Eldred, of the Greeley Association, that the bill sponsored by the Associated Retail Credit Bureaus of Colorado and Wyoming, which in substance was to permit the garnishment of all state and county employees, was successfully passed and is now a law. This is of great value to the retailers of Colorado, and an incentive to state associations to get busy and have such a law enacted, as they are unable, according to their present status, to garnish state and county employees.

## LOVETT AND RILEY NOW HAVE AN ENVIABLE RECORD

The above two gentlemen have succeeded during the past six months in making three towns in Missouri 100% National. Each of these trips, in addition to their time and labor, were donated to the cause of a greater and more powerful National organization, and the National office surely appreciates their unselfish effort.

## PROMPT PAY GOSPEL IS PREACHED BY POSTMASTER

Postmaster Basham, of Clarksville, Arkansas, has originated a very novel idea for securing his box rent a little more promptly and at the same time spreading the gospel of prompt pay. He is now printing on his box rent due notes, "Two more days to pay box rent. Pay prompt and keep your credit good."

## COLORADO AND WYOMING CONVENTION AT ALAMOSA

We are advised by Secretary Reed, of the Denver Association, that the Colorado and Wyoming convention at Alamosa was a decided success from the moment the gavel fell until the meeting adjourned. The program was replete with educational open forum discussions, which arose from very interesting and intelligent addresses delivered by the Secretaries and business men from the states of Colorado and Wyoming. The program is too long to publish in its entirety, but we do wish to make mention of the

play that was put on by the Alamosa Association. This play and the fish-fry, together with Bill DeVere's usual entertainment, made the meeting interesting as well as educational. The next meeting will be held at Denver in January.

## SPRINGFIELD, MASS., CREDIT BUREAU BOOSTS NATIONAL MEMBERSHIP

We have received a very interesting pamphlet entitled "Why," put out by Mr. G. B. Allen, of the Credit Bureau in Springfield, Massachusetts, explaining the value of National membership, our aims and accomplishments, and a list of all the National members in Springfield. He winds up with a very attractively printed leaflet with an appeal to sign the application blank appearing as one page of the leaflet. This kind of co-operation is the spirit which builds not only bureaus, but nations, and is greatly appreciated by the National.

## SCHENECTADY WINS NEW YORK STATE PRIZE

After the official returns of the Hewitt Membership Campaign were in, it was found that Schenectady won the large banner given by the New York State Association for the state showing the largest increase in membership to the campaign. Mr. Shannon advises that his membership is very well pleased with the banner, and that they felt that their time spent in behalf of the National was time and effort well invested.

## UNIVERSITY TO INSTALL SUMMER COURSE

We are advised that the University of Miami is working in conjunction with the State Association of Florida Credit Bureaus in putting on a summer course covering the rudiments of business law, for the benefit of the retail merchants of the state of Florida.

This will prove not only beneficial, but interesting, and we hope that they will be able to work out a plan in connection with their extension department whereby they can furnish, in condensed form, the major points of their study to the merchants who find it impossible to attend their course.

## WHOLESALE EXPRESS APPRECIATION OF RETAILERS' CO-OPERATION

The following paragraph was contained in a letter addressed to Mr. J. R. Hewitt, by Mr. J. H. Tregoe, of the Wholesale Association, expressing his appreciation of the hearty co-operation and cordiality of the Retail Association toward the Wholesale Association as expressed at their convention by our representative, Mr. Hewitt.

"It is a happiness for me to offer the sincere thanks of our organization for your greetings of the morning, and to thank you for presenting so splendidly the spirit and companionship of The Retail Credit Men's National Association."

"It was an epoch in our history, and I trust the relationship created by your visit and address may bring the two organizations into closer ties, and that their destinies will be worked out in the closest affiliation, the finest understanding, and the firmest resolves."

## Ready for Delivery!

## "Credit Bureau Management"

The first and only textbook on this vital phase of retail credit granting.

An Encyclopedia of Bureau Information, thoroughly indexed, three hundred pages, eighteen chapters. Replete with illustrations and forms.

The merchant, the credit man, will find that this text will give them a thorough understanding of credit bureau operations.



**Special Price to Members**

**\$3.00**

# Counterfeit Credit

By B. K. KNAPP

Credit Manager, Columbia Valley Lbr. Co., Wenatchee, Washington.

**H**OW many of us are accepting counterfeit money?

Nobody?

How many are paying out counterfeit money or giving it in change?

Nobody?

Now let us see. What is a counterfeit? The dictionary tells us that a counterfeit is anything spurious, an imitation, a forgery; not genuine; something issued without authority.

We might go further and say it is error masquerading as truth. It is anything that is wrong and pretends to be right.

Our nation has probably the most stable currency in the world. We have the soundest banking and currency known. The American dollar is sought throughout the world and probably comes nearer being an international standard of exchange than any medium or money yet known. And why?

It is because the *American people* have made the *American dollar* stable and sound and worthy of confidence. One reason for its stability and the confidence reposed in American money is our stringent law against counterfeiting. This law is as stringent and severe as it is possible to imagine. It is not enough to prohibit the making of coins without authority. It is not sufficient to insist that all coins be of standard weight and fineness. No one is allowed to make metal coins, no matter how good and pure they may be. They would be not only counterfeit and worthless but subject to seizure and destruction as such. No one is permitted to mutilate the coin or do the least thing to interfere with its integrity under the most severe penalty.

Whenever these laws are violated, we, the people of the United States, through our proper officers, leave on stone unturned until the guilty person is punished. The law has its origin and inception in the people and as a whole the people have agreed that our money must be "above suspicion." It must be kept pure. We will not tolerate adulteration, forging or counterfeiting in the least degree.

When we sell goods we receive either money or its equivalent in credit. We call it extending credit or granting credit. We really accept the credit of the customer in lieu of cash.

We sell probably a hundred times more material on credit than for instant cash. This is true throughout the commercial world. Is it not imperative, then, that we be just as diligent in seeing to it that the credit is sound as the coin it represents? If we are handed a silver dollar that weighs only half as much as it ought to, or feels slippery to the touch, we not only return it instantly, but resent the offering of it.

We are careful to see that every coin and every piece of money received is genuine. Why, then, should we not be equally careful to see that every credit accepted is equally sound and above suspicion? In accepting credit risks, do we always proceed as diligently and orderly to be certain the credit is safe?

It is perhaps more difficult to determine the soundness of a credit than the genuineness of a silver dollar. But is not this an added reason why we should be even more diligent and more particular to see to it that the credit is sound?

Any one of us who accepts an unsound credit is as guilty of laches as one who accepts counterfeit coin.

Now, how about paying out counterfeit money? Oh, no, we *never* do that under any circumstances! Let us see—

We have shown that the reason American dollars are good is because they are the result of the operation of sound work, sound business ethics, sound principles and righteous regulations. We have shown that any violation of the law protecting our money is followed with sure punishment. Now, we (meaning various retail concerns of our community, including ourselves) agree upon certain terms and discounts; we agree upon certain sound, righteous and ethical business practices; we meet in conferences and conventions and solemnly discuss the best, the soundest, the most ethical

way to do business, and make clear the canons of business ethics; we agree that co-operation is the life of trade.

Now—how about the firm or individual that knowingly violates any of these sound rules of business in order to get a larger volume of trade? Is he not paying out counterfeit money? If we agree that thirty days on certain goods is the credit limit and then we go out and give customers any old time or terms which the customers may dictate, are we not guilty of counterfeiting? Are we not violating the law which protects our business?

There is only one answer and it is obvious. The punishment follows as certainly and surely as the penalties for counterfeiting American money. But it follows in a different way.

This criticism is constructive and not destructive. There is positively no room for argument. Together with this criticism we offer the remedy for the apparent wrong, and the remedy is co-operation. The remedy is applied by our using our example, our argument and every means possible to promote co-operation upon strictly sound, ethical lines, not only in our own organization but among all our business acquaintances and competitors.

Perfection can not be obtained in an instant but steps in the right direction always lead to the desired goal. So let us never turn them backward.

## TIT BITS

**Traveler's Yarn:** "A clothing salesman called on a merchant and showed him a line of trousers which he was introducing at a special price of \$2.00 a pair, which in every way was equal to a similar line that a competitor was selling at \$3.00 a pair. The merchant after comparing these admitted that he saw no difference, and on being asked to place an order, refused, and stated that he added 50% to all merchandise and if he bought those trousers at \$2.00 he would only make a profit of \$1.00, whereas, if he bought trousers from Blank & Co. at \$3.00, he would make \$1.50."

# SPEED - ACCURACY - IN HANDLING CHARGE



Salesperson  
securing a  
charge  
authorization



A 400-station control board for  
a large store

Charge phones are  
installed in the  
selling departments



A 20-station control  
board for a  
small store

## THE NATIONAL CASH



# CY- CONVENIENCE ARGE - SALES

## The National O. K. Charge Phone System is—

**Fast**—Because sales-slips do not have to be taken from the selling department to some distant point to be stamped O. K. and returned.

**Accurate**—Because all the authorizing is done direct from the main credit department where authorizers have quick and ready access to all sources of credit information.

**Convenient**—Because the charge phones are devoted exclusively to the handling of charges and charge methods do not have to be compromised in order to handle cash sales, etc. on the same equipment.

### Recent Installations of O. K. Credit Systems

The Rosenbaum Company,	Pittsburgh, Pa.
Stockton Dry Goods Co.,	Stockton, Calif.
Kennedy Tierney Co.,	Binghamton, N. Y.
Woodward and Lothrop,	Washington, D. C.
Palais Royal, Inc.,	Washington, D. C.
Paul Steketee & Sons	Grand Rapids, Mich.
Dunlap Clothes Shop,	Cincinnati, Ohio
The Heer Stores Co.,	Springfield, Mo.
S. Heironimus Co.,	Roanoke, Va.
Warmington's,	Chicago, Ill.
Chas. Ford Co.,	Watsonville, Calif.
B. R. Baker Co.,	Toledo, Ohio
Daly Brothers,	Eureka, Calif.
E. W. Edwards & Son,	Syracuse, N. Y.
The I. G. Goldsmith Co.,	Youngstown, Ohio
Erlebach, Inc.,	Washington, D. C.
H. C. Meacham Co.,	Ft. Worth, Texas
Neiman Marcus Co.,	Dallas, Texas
Watts Sartor Lear Co.,	Clarksburg, W. Va.
Schuneman & Mannheimer,	St. Paul, Minn.
Cherry & Webb Co.,	Providence, R. I.
Blauner's,	Philadelphia, Pa.
The Hub,	Chicago, Ill.
S. N. Baskin,	Chicago, Ill.
Boston Store, D. G. Co.,	Ft. Smith, Ark.
The Geo. Innes Co.,	Wichita, Kans.

**REGISTER COMPANY DAYTON, OHIO**

## The Secretary's Annual Report—Continued

	June 1926	New	Canc.	June 1927	Gain	Loss
<b>SOUTH DAKOTA</b>						
Sioux Falls.....	12	1	0	13	1	0
<b>TENNESSEE</b>						
Chattanooga.....	135	22	17	140	5	0
Knoxville.....	182	0	55	127	0	55
Memphis.....	396	22	111	307	0	89
Nashville.....	60	38	9	89	29	0
<b>TEXAS</b>						
Austin.....	25	11	1	35	10	0
*Corpus Christi.....	0	16	0	16	16	0
Dallas.....	136	93	25	204	68	0
El Paso.....	27	4	8	23	0	4
Ft. Worth.....	56	5	15	46	0	10
Galveston.....	22	1	10	13	0	9
Houston.....	239	21	26	234	0	5
Port Arthur.....	57	5	27	35	0	22
San Antonio.....	99	13	10	102	3	0
Waco.....	21	0	5	16	0	5
<b>UTAH</b>						
Ogden.....	12	0	3	9	0	3
Salt Lake City.....	25	12	6	31	6	0
<b>VIRGINIA</b>						
Lynchburg.....	31	1	15	17	0	14
Norfolk.....	17	6	5	18	1	0
Richmond.....	25	0	11	14	0	11
<b>WASHINGTON</b>						
Everett.....	22	0	0	22	0	0
Seattle.....	87	4	23	68	0	19
Spokane.....	154	37	7	184	30	0
Tacoma.....	48	0	8	40	0	8
Wenatchee.....	31	3	4	30	0	1
<b>WEST VIRGINIA</b>						
*Charleston.....	10	5	0	15	5	0
Huntington.....	30	3	2	31	1	0
Wheeling.....	8	4	2	10	2	0
<b>WISCONSIN</b>						
Milwaukee.....	169	111	22	258	89	0
<b>WYOMING</b>						
*Cheyenne.....	2	12	0	14	12	0
	11,305	3,542	1,544	12,849		

\*Indicates new locals organized since June 1, 1926.

### Local Associations

We have 146 organized locals whose membership is 100% National.

Twenty-two new local associations were added this year. Following is a list of these locals:

Tucson, Ariz.	Festus, Mo.
San Jose, Calif.	Joplin, Mo.
Alamosa, Colo.	Marshall, Mo.
Grand Junction, Colo.	Columbus, Nebr.
Monte Vista, Colo.	Bismarck, N. Dak.
Norwich, Conn.	Lima, Ohio
Waterbury, Conn.	Fairfax, Okla.
Freeport, Ill.	Corpus Christi, Texas
Muncie, Ind.	Charleston, W. Va.
Clinton, Iowa	Cheyenne, Wyo.
Jackson, Miss.	Sedalia, Mo.

The following six cities lead in membership gains:

Omaha, Nebr.....	329
Pittsburgh, Pa.....	305
Grand Junction, Colo.....	147
Wichita, Kansas.....	143
Cleveland, Ohio.....	136
Columbus, Nebr.....	134

The following six cities showing largest decrease in membership are:

Grand Rapids, Mich.....	157
Memphis, Tenn.....	89
Sioux City, Iowa.....	69
Knoxville, Tenn.....	55
New Orleans, La.....	47
El Centrom, Calif.....	30

The six largest locals are:

St. Louis.....	825
Cleveland.....	813
Pittsburgh.....	543
New York.....	467
Kansas City.....	400
Omaha.....	400

Your attention is directed to the excellent gains made by the six locals listed above and the thriving condition of locals in Cleveland, Pittsburgh and Omaha. It is a pertinent fact that all cities leading in membership gains and total membership have linked up their membership with their local reporting bureau and built their organization around their service.

### Our Service Division

A special report will be submitted by the Secretary-Treasurer of the Service Division covering the activities of that department.

You recall the Service Division was created because of an amalgamation of the National Association of Mercantile Agencies with our organization in 1921. This gave us a department made up of Credit Reporting Bureaus and retained as a separate unit because of special service requirements necessary to further their interests.

It would appear, however, that we have reached that point where in order to progress to the best interests of all concerned, the division must become, in reality as well as fact, a department of the National Association with a consolidation of its funds with our accounts so as to give a correct statement of our financial responsibility and operating under one control, which will insure unity of action and centralized responsibility.

Amendments to our by-laws providing for this change will be submitted and we earnestly hope it receives your careful consideration and approval.

### The Los Angeles Convention

Our annual convention for 1926 was held in the city of Los Angeles and was a success in every way. Those attending will remember the hospitality of the Retail Credit Men of Los Angeles, and their success in supplying our every want.

### Legal and Legislation

During the year 110 questions requiring legal advice were referred to our counsel, Lawrence McDaniel, and his opinion and advice enabled us to adjust many difficult problems. With our increase in numbers and activities, it is more than ever necessary to safeguard our membership by giving efficient legal advice and protection. This is particularly true in reference to our Service Department, as regards responsibility in connection with credit reports and collections. We recommend the Finance Committee provide for a retainer fee which will enable us to continue this work.

During the year, we constantly urged local associations to take active interest in legislative matters which affected credit in their cities and states, and our members in Minnesota, Wisconsin, Michigan and Missouri succeeded in defeating bills amending exemption and lien laws and which we considered unfair to credit grantors. Our locals in St. Paul, Minneapolis and Milwaukee sent large delegations to appear before the legislative committees and were responsible for these bills being reported adversely.

This is a work which should be encouraged and we recommend each local association having a committee whose duty it is to keep constantly in touch with legislative activities and report to the National office, so uniform action can be obtained.

### Research Department

With the selection of Mr. A. B. Sanders as assistant to your managing director, we were able to establish a Research and Statistical Department which will be of real value to our members.

The equipping of this department to render efficient and reliable service can not be done overnight. It takes time and effort to properly systematize and analyze the work. We have, however, made an auspicious start. Files, charts and records have been prepared in the National office which will be built up from information gathered each day. A working arrangement for exchange of information has been perfected with the Extension Divisions of the State Universities of Kansas, Colorado, Oklahoma and Nebraska, and plans made to perfect a tie-up with every State University and National Universities, featuring information of this kind.

The percentage of replies to questionnaires published in our official organ, THE CREDIT WORLD, has been so small as to cause us to feel it is

impossible to get accurate information in this way, although that would be less expensive and cover more lines of business than any other method, therefore it is necessary to equip this department with proper facilities for securing the information.

We recommend that the Finance Committee make an appropriation for carrying on this work and urge all members to co-operate.

We further suggest a resolution be adopted at this convention, calling upon the United States Domestic Commerce Division to conduct a survey of retail credits, pointing out to the officials at Washington that wasteful credit and collection expenditures is a burden on business, that credit losses as a whole run into an enormous sum and the question is entitled to the same consideration as other economic questions, and that this association will be glad to co-operate in every way.

#### *Our Pay Promptly Campaign*

Your board of directors at Los Angeles went on record as favoring one week each year being set aside, during which we devote our efforts toward educational work in connection with the prompt payment of accounts.

The week of February 28 to March 5 was chosen and Vice-President Leopold L. Meyer, of Houston, Texas, placed in charge of the work. It was a decided success.

A series of newspaper advertisements, inserts to enclose with statements, display cards and streamers were developed by Mr. Meyer and submitted to the membership so as to secure standardized action. Two hundred and seventy-five cities co-operated by publishing the newspaper copy. 2,647,000 leaflets were distributed. 185,500 blotters, 12,650 window streamers, and 18,950 display cards were used. It is estimated this advertising actually reached over fifty million people.

Mr. Meyer deserves our thanks for the time and effort he put into this campaign, and we earnestly recommend continued effort along these lines. Reports from committees co-operating in the campaign indicate increased collections. It is the old story of persistent publicity bringing home to the public its obligation, and our association is the medium through which prompt payment should be promulgated.

#### *Our Friends the Wholesalers*

Under the leadership of Mr. J. R. Hewitt, our second vice-president, our Committee on Co-operation held a series of meetings, with a Committee of the National Association of Credit Men and put into effect plans for unified educational and development work, including arrangements for joint meetings of wholesalers and retailers in cities where both associations have a local. This has resulted in very close harmony between the two organizations.

Our Mr. Hewitt represented us on the program of the Wholesale Association at their convention in Louisville last June, and Mr. E. I. Kilcup, a director of the wholesalers, is representing his association at this meeting.

We recommend continuing and enlarging the scope of the work of this committee. The personnel of the committee is:

Mr. J. R. HEWITT, Baltimore, Chairman

Mr. S. H. TALKES, Washington, D. C.

Mr. J. H. EDGERTON, New York.

Mr. E. W. MANAHAN, Boston

Mr. S. E. BLANDFORD, Boston.

#### *The National Office*

It has been necessary to increase the space occupied and add to the number of employees of the National office to keep pace with our increased activities. We now occupy 2,000 square feet of space in the Equitable Building, St. Louis, with fifteen employees, seven of whom devote their entire time to our Service Division.

Approximately 71,250 pieces of mail were received and given attention during the past year.

#### *The Finance Committee*

The wisdom of operating our association upon a budget established by a Finance Committee has become more apparent each year and the fact that due to this plan we were able to set aside a surplus of \$13,000.00 within five years with which to pay off our Certificates of Indebtedness is conclusive evidence. This year's committee was headed by Sidney E. Blandford, of Boston, Chairman, with Walter Strickland, of New York, and George A. Lawo, of Memphis, as associates. A meeting was held in Washington, D. C., shortly after our last convention. Your Managing Director and Vice-President Hewitt were present, and two days were spent in a discussion of the association's finances and a budget allowing your executive officers sufficient latitude for all requirements, and at the same time safeguarding your funds, was arranged.

The committee will submit to this convention a detailed report and will show that they have faithfully fulfilled their duty of safeguarding our finances without curtailing our activities.

#### *Our Certificates of Indebtedness*

In order to provide a working capital for our organization, we issued, in 1922, certificates of indebtedness amounting to \$13,000.00 in the sum of \$10.00 for each unit at 6% interest.

We are pleased to announce that because of the wise provision of our Finance Committee in setting aside a sinking fund from each year's income, we were in position on April 1, 1927, when these notes became due, to pay off the entire amount, plus interest.

On the closing of our books \$9,360.00 of these certificates had been redeemed and the remainder were being paid as fast as presented to your treasurer.

We regard this as an evidence of the sincerity and good faith of those in charge of the affairs of your organization and the wisdom of your Finance Committee. Our surplus was invested in U. S. Fourth Liberty Loan Bonds, bearing 4 1/4% interest, many purchased below the present market price, so that when sold the profit resulting from the advance, plus accrued interest, almost wiped out the interest paid on the entire loan.

The payment of these certificates leaves your association without an obligation of any kind except current bills, and successfully solves the problem of financing an organization during its formative years without resorting to added assessment or sustaining membership.



#### *A National Collection Service*

The success of our Tracing and Collection Forwarding Department, as evidenced by the report of the Secretary of the Service Division, showing 2,809 missing debtors located and \$8,125.22 collected on claims forwarded, causes us to again recommend the establishment of a National Collection Service as a department of our association. This should be installed in the National headquarters, under the supervision of a capable manager, whose duty it would be to link up existing recognized collection agencies and promote and develop new units, much the same as is now done with the Reporting Agencies through our Service Division. This would create a National collection network under our supervision, assuring the merchants dependable service and forever eliminating the unreliable collection agency which annually wastes for the retailers of the country a sum that in its aggregate is appalling.

In our opinion, dependable collection service is as important a part of our work as safe credits, and we can do no more effective work in the interests of the retail business than the promotion of a standardized and effective collection system. It is a service that will attract to our ranks thousands of small merchants who are struggling with collection problems.

We earnestly urge your approval of the establishment of this department which would in no way conflict with present recognized

(Continued on following page)



collection agencies, because they would immediately become a part of this system and the National office would be a feeder for their business, being simply a control body supported by forwarding fees, rather than a collection agency itself.

We further recommend that all collection units recognized by the National Association be required to furnish bond for the faithful performance of their trust and payment of collections to members whose claims they handle, so as to further insure the reliability of our service.

#### The Executive Committee

Your board of directors at Los Angeles elected the following Executive Committee:

Mr. E. B. HELLER, St. Louis, *Chairman*  
 Mr. L. L. MEYER, Houston  
 Mr. J. R. HEWITT, Boston  
 Mr. D. J. WOODLOCK, St. Louis  
 Mr. F. E. PARKER, Detroit  
 Mr. C. M. REED, Denver  
 Mr. F. E. BLACKSTONE, Pittsburgh

The committee met at National Headquarters October 4th and 5th, 1926, and outlined plans for the year's activities. Also authorized your managing director to employ an assistant secretary. Mr. Albert B. Sanders, of Grand Junction, Colorado, was selected and is now assistant to your managing director. As Mr. Sanders was for several years a credit bureau manager, he came to the office somewhat familiar with our work, and although on the job only a few months, is now rendering valuable assistance in compiling and editing THE CREDIT WORLD, developing a research department, and office management.

This addition to our office staff releases your managing director of much detail and allows more time for traveling and constructive work.

#### The Credit World

During the year our official publication increased its prestige as the outstanding retail credit magazine of the country. The contract for printing was awarded to the Skinner & Kennedy Stationery Company of St. Louis, and has been printed and mailed according to schedule.

From a house organ of mediocre value, THE CREDIT WORLD has been developed to a thirty-two page publication, containing articles carefully selected as to their educational and news value and distributed so as to make the magazine interesting to both the small and large retailer.

With the development of our Research and Legal Departments, it will become more valuable and eventually reach the goal for which we have aimed, of making THE CREDIT WORLD the "text book" of retail credits.

It has taken its place in both literary and business circles and it should be our constant endeavor to further improve its makeup and add to its number of pages and increase its circulation. It must always be considered the tie which binds together our membership, and as such be featured and encouraged by each succeeding administration.

#### State and Regional Conferences

Our success in promoting State and Regional Conferences this year were very gratifying. Eight official meetings were held with an average attendance of 285. The programs were all educational and along general lines suggested by the National office. Your managing director attended seven of the eight conferences and earnestly recommends continued development and encouragement of these conferences as a means of promoting community credit policy, standardized practices and the developing to efficiency of individual credit men and women.

While the details of carrying out the program of these conferences rests with the local association in the city in which the meeting is held, the program should be under the supervision of the National officers, so as to work with unity of purpose and have no conflict of dates. We suggest the Finance Committee set up a specific fund for advertising and promotion of at least 12 conferences the coming year.

Those held this year were:

Mid-West, Sioux City, Iowa  
 North Central, Hibbing, Minn.  
 Mississippi Valley, St. Louis, Mo.  
 Tri-State, Cincinnati, Ohio  
 New York State, Rochester, N. Y.  
 Southern, Birmingham, Ala.  
 Northwest, Portland, Ore.  
 New England, Boston, Mass.

In addition to these meetings of credit managers, our Service Division has held 49 meetings of credit reporting bureau managers.

#### Finances

The statement of our cash receipts and disbursements and our balance sheet submitted herewith, shows our financial position, the best in our association's history. In last year's statement, we show only \$106.96 income above expense, and this year we have \$6,540.24. A year ago our cash balance in bank was \$9,320.37, and this year it is \$15,860.61. Last year our net worth was \$29,895.00, this year it is \$39,336.29.

The figures speak for themselves and comment is unnecessary, except to remind our members that our present happy financial position was made possible only because of the sincerity and watchfulness of your officers, directors and Finance Committee.

Your secretary-treasurer, who has served continuously as an officer and director since 1914, when we had but 320 members, and our bank balance was always in the "red," wishes he could bring home to each member a true appreciation of those who have labored so hard and earnestly in the upbuilding of this organization, many at a great personal sacrifice.

The finances of the Service Division are not included in our figures, as this is operated as a separate organization and a report will be submitted by Mr. Truesdale, the secretary-treasurer.

### RETAIL CREDIT MEN'S NATIONAL ASSOCIATION STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING JUNE 30, 1927.

Receipts of Income	
Membership Dues:	
Association.....	\$54,124.96
Individuals.....	9,230.23
Advertising (Credit World).....	3,158.17
Sale of Sundry Supplies, etc.:	
New Roster.....	326.75
Collection Letters.....	1,298.30
Collection Books.....	2,500.37
Collection Stickers.....	811.40
Coin Envelopes.....	107.78
Modern Business, English.....	160.00
Better Letter Service.....	1,185.00
Supplies and Miscellaneous.....	906.23
Interest on Liberty Bonds.....	397.50
Interest on Bank Balances.....	94.20
Total Receipts of Income.....	\$74,300.89
Disbursements of Expense	
Printing Credit World.....	\$16,605.57
Printing, Other.....	1,942.23
Salaries Secretary's Office.....	18,592.61
Traveling Expense, Executive and Others.....	2,422.60
Traveling and Office Expense of President.....	827.54
Rent.....	2,970.00
Convention Expense.....	2,745.08
Postage, Office.....	1,694.87
Postage, Credit World.....	1,010.88
Executive and Finance Committee Expense.....	893.88
Interest on Certificates of Indebtedness.....	561.60
Insurance and Surety Bonds.....	110.10
Telephone and Telegraph.....	921.79
Legal Fees.....	300.00
Audit Fees.....	350.00
Department Store Group Conferences.....	40.00
Stationery and Supplies.....	711.34
Credit Service Exchange.....	4,999.92
Collection Books and Letters.....	776.23
Coin Envelopes.....	24.75
Collection Stickers.....	580.00
Rosters.....	1,216.26
Supplies for Resale.....	749.57
Modern Business English.....	112.78
Better Letter Service.....	1,000.00
Pay Promptly Campaign.....	285.00
Membership Expense.....	1,028.54
Slogan Contest.....	85.00
Entertainment.....	207.00
By-Laws Committee.....	36.17
Committee of Co-operation Retail and Wholesale.....	519.22
Commission and Discount.....	370.64
Miscellaneous Expense.....	1,354.53
Total Disbursements of Expense.....	\$66,045.70
Excess of Income Over Disbursements of Expense.....	\$ 8,255.19

## Other Receipts:

Repayment Advances on Account.....	\$ 400.00
Sales of Liberty Loan Bonds (par value \$10,000).....	10,181.87
Total Other Receipts.....	\$10,581.87
	18,837.06

## Other Disbursements:

Purchase of Liberty Bonds (par value \$1800).....	\$ 1,820.00
Redemption of Certificates of Indebtedness.....	9,360.00
Furniture and Fixtures.....	1,116.82
Total Other Disbursements.....	\$12,296.82

Excess of Receipts Over Disbursements.....	\$ 6,540.24
Cash in Bank and on Hand—July 1, 1926.....	9,320.37
Cash in Bank and on Hand—June 30, 1927.....	\$15,860.61

## RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

## BALANCE SHEET, JUNE 30, 1927

<i>Assets</i>	
Cash.....	\$15,860.61
U. S. Liberty Loan Bonds, Par Value.....	3,000.00
Deposit U. S. Post Office.....	5.94
Accounts Receivable.....	19,951.09
Inventory of Supplies for Resale.....	1,652.55
Office Furniture and Fixtures, Less Reserve for Depreciation.....	3,341.01
Total Assets.....	\$43,811.20
<i>Liabilities</i>	
Accounts Payable.....	\$ 814.91
Certificates of Indebtedness.....	3,660.00
Excess of Assets Over Liabilities, not Including Provision for Unearned Membership Dues.....	39,336.29
Total Liabilities and Surplus, Exclusive of Unearned Membership Dues.....	\$43,811.20

## Collection Aids

Our Four Point Collection system continues to fill a long felt want as a point of contact between the member and creditor before it is necessary to take action on collections. One thousand systems are in use and reorders indicate their result-getting power.

Our educational inserts have been used by many members as enclosures with statements and done much not only to promote prompt collection of current accounts, but also to cause the customer to realize his obligations.

These aids to collections should be developed to a point where they are used by all members and, because of quantity purchased, can be furnished at a nominal cost which will simply cover expense of wrapping, shipping and clerical work. Careful study should be given the preparation of new ideas along these lines.

Because of a constant demand for improved and effective collection letters, we contracted with the Daniel J. Hannefin Company, of St. Louis, to prepare and issue a monthly bulletin on better collection letters. It was necessary to make a charge of \$20.00 per year for this service in order to secure exclusive rights to the copy. Three issues have been mailed and we are highly pleased with the results obtained from the use of the suggested forms, etc.

We urge arrangements for publishing a service of this kind in THE CREDIT WORLD so our entire membership may profit thereby without an extra charge.

## By-Law Committee

Because of numerous suggestions as to changes in our by-laws, President Heller appointed the following committee:

FRANKLIN BLACKSTONE, Pittsburgh, *Chairman*  
 L. T. McMAHON, Boston, Mass.  
 S. H. TALKES, Washington, D. C.  
 F. E. PARKER, Detroit, Mich.  
 J. R. HEWITT, Baltimore, Md.  
 A. B. BUCKERIDGE, Pittsburgh, Pa.

As an auxiliary to this committee, a special committee of which Mr. A. J. Kruse of St. Louis was Chairman, was appointed to gather specific information regarding a proposed new membership plan.

Both committees worked hard and conscientiously and Colonel Franklin Blackstone, chairman, will present to this convention certain changes in our by-laws, the result of one general meeting at Pittsburgh, which was attended by your managing director, many conferences and much correspondence.

Printed notices of this change have been sent to each member. They are worthy of your sincere and careful consideration because they vitally affect the future of our association. They include such important features as a change in the name of our association, a change in the date of our annual convention, a change in the operation of the office detail of our Service Division, and a change in our membership dues in organized cities.

As the committee has spent months in a study of these suggestions, they should not be passed over lightly, and we hope you will carefully analyze each proposed change and feel free to discuss it on the floor of the convention.

## CREDIT SERVICE EXCHANGE DIVISION

## RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

REPORT OF J. R. TRUESDALE, *Divisional Secretary-Treasurer*

I herewith submit a report of the activities of the Service Division for the year ending June 30, 1927. It is with pleasure that I can report that the Division has not only enjoyed a healthy growth, but has greatly increased its service activities.

## Membership

In 1924 and 1925 considerable emphasis was placed on membership growth. This last year the emphasis has been on better service, rather than more service. Notwithstanding the Division has substantially increased its membership, despite large losses due to local conditions, such as the cotton failure, floods, bank failures, and business recession, the membership has increased from 709 to 876, an increase of 23%. The membership as of August 1, 1927, is 899.

## (Graph Showing Growth of Service Group)

1906—	30	—
1911—	69	—
1916—	125	—
1921—	193	—
1924—	267	—
1925—	471	—
1926—	709	—
1927—	899	—

The leading states in the Division as of June 30, 1927, are:

1. California.....	66	6. Illinois.....	42
2. Oklahoma.....	55	7. Kansas.....	35
3. Texas.....	48	8. Indiana.....	33
4. Ohio.....	48	9. Pennsylvania.....	31
5. Michigan.....	45	10. New York.....	28

## Connective

Probably the greatest single service rendered by the Service Division is the so-called "Connective" service.

## Quarterly Roster

Each allied bureau manager is supplied with a roster of the bureau membership, issued quarterly and revised monthly.

Through the affiliation of the bureau, and through the roster and inquiry tickets, the local bureau subscriber becomes a member of and has access to:

Nine Hundred Affiliated Bureaus.  
 Six Hundred Collection Agencies.  
 Fifty Million Credit Records.  
 Fifteen Million Annual Reports.  
 Five Thousand Trained Bureau Employees.

(Continued on page 26)

# The President's Report

*Fiscal Year Ending June 30, 1927*

By E. B. HELLER, President

To the Officers and Members of the R. C. M. N. A.:

**I** HEREWITH respectfully submit for your consideration my report of the activities of this association for the past year.

It is with a degree of pleasure and much satisfaction that we are able to render a report showing greater activity, larger membership, larger cash surplus, and a greater net worth than ever before in the history of the association.

This was only accomplished through the support of members who gave their loyal aid and co-operation to the administration, who appreciated the fact that we stood for "Less Talk and More Performance," and who were more sincere in promoting the National Association than they were in promoting personal ambitions.

Too much praise can not be given to our managing director, Dave Woodlock, who at all times was alert and on the job, assisting the president in every possible manner. His assistant, Mr. Sanders, is also worthy of honorable mention for his successful labors and co-operation. The list of willing helpers in the ranks are many, too many to attempt to mention each one separately. It is sufficient to say there are many who are worthy of this association's thanks.

## MEMBERSHIP

It is gratifying to report that the membership at this time is the largest ever attained by the association, being in excess of 15,000.

Total number of new members received, 4082.

Resignations and losses, 2780.

Much thought and criticism has been directed to the number of resignations and lapses that occur each year. While it is not more prevalent in our association than in organizations of a kindred nature, yet, with our allied locals and the machinery at hand, it should be less. After a close analysis of this subject, we are safe in asserting that the lapses and resignations occur mostly in organized communities, where the responsibility is

more upon the local association than upon the National office. This unfavorable condition can be materially reduced and a more favorable condition exist, if all local associations become 100% National and all membership dues collected by the local secretary.

## FINANCES

The financial statement, which will be given you in detail by the Finance committee and secretary-treasurer, reflects a condition of which your president is proud, and one with which every member can also be well pleased. It shows a conservative management of your funds, not to the extent of neglecting any activity, but a disbursement of money which produced the utmost returns.

'Tis said "comparisons are odious," but a comparison of 1925-26 with 1926-27, will prove an exception and the following is given for your consideration.

1925-26 Total Expenses.....	\$72,341.08
1926-27 Total Expenses.....	66,045.70
A Reduction of.....	
1925-26 Excess of Receipts over Disbursements.....	\$6,295.38
1926-27 Excess of Receipts over Disbursements.....	109.96
	8,255.19
Or a Saving of.....	
1925-26 Cash on Hand.....	\$ 9,320.37
1926-27 Cash on Hand.....	15,860.61
Net Gain in Cash Surplus.....	
1925-26 Net Worth.....	\$29,895.00
1926-27 Net Worth.....	39,338.29
Gain in Net Worth....	
	\$9,443.29

The outstanding achievement of the administration for the year ending has been the reduction of expense in the face of increased activities. I take no little satisfaction, but great is the pleasure to be able to turn over to my successor, the association free of all incumbrance, with a substantial working capital, a net worth greater than all previous records and a healthy membership in excess of any number heretofore enjoyed.

It will not be amiss to mention under this heading the payment of the \$13,000.00 of certificates of indebtedness, with interest. It also is worthy of note to mention that the interest on these certificates was paid promptly each

year. I congratulate Mr. Sidney Blandford and those who served with him on the Finance committee for the able manner in which the ultimate settlement was made possible on the due date.

When this loan was made, few, if any, ever expected to be repaid. The repayment has elevated the association in the eyes of the retail merchants of the country, and it has placed the association in a position that it will be an easy matter to finance at any future period, should the occasion arise.

It is to be regretted that the figures I have given you and the figures that will be given you by the secretary-treasurer do not reflect the true condition of our affairs.

This unfortunate condition arises, due to the absence of a complete unification of the two major departments of the association. The association, with its two departments, is one in theory only, while the R. C. M. N. A. is legally responsible for all indebtedness of the C. S. E. D., even to the extent of reimbursement for outstanding coupons. Still the R. C. M. N. A. has no control over the funds of the Service Division, not even to the extent of including their assets in our general report. Yet, morally and legally, we could be called upon to assume their liabilities if the inevitable occurred.

This brings us back to the recommendation of Past President Watson, and in which I most heartily join: That the funds and the bookkeeping department of the C. S. E. D., in its entirety, be consolidated with the bookkeeping department and funds of the R. C. M. N. A., and that there should be one Finance committee and one budget for all.

## THE FUTURE OF THE ASSOCIATION

Now that we are financially independent, we must build for the future, with sound locals thoroughly and completely tied up with the National Association. To make such an affiliation possible, the locals must be 100% National. Every subscriber to bureau service recognizes the value of organiza-



tion and co-operation, or else he is ignorant of the source from which he is receiving the desired credit information.

The C. S. E. D., a department of the R. C. M. N. A., supported physically by the National, and financially to the extent of \$5,000 a year in cash, free rent, light and heat, and office equipment, is responsible for better credit reporting, the one thing the merchant demands. Such being the case, why should any subscriber hesitate to contribute his mite, a National membership, to support an organization whose sole object is to protect his ledgers, to make credit granting safer and thereby widening the field for greater volume?

To further the work of a greater National Association, care must be exercised in selecting your officers and directors. Elect outstanding men; men who will be governed by good, sound, business reasoning and not be ruled by sentiment, or swayed by personal ambition. Assure the National of a business administration, the same quality that is employed in your respective establishments.

#### REGIONAL CONFERENCES

During the past year this educational feature developed to a great extent and conferences were held in every section of the country, and in almost every instance was attended by an executive officer. These conferences should be encouraged and provision should be made for the attendance of an executive officer.

During the year your president visited twenty cities, addressing a meeting in each city. His travels took him north to Des Moines, Clinton and Davenport, Iowa; east as far as Pittsburgh; south to Fort Smith, Arkansas; and west to Tulsa, Oklahoma. In each city he was received with cordiality and extended every hospitality. Without egotism, I believe the increased membership is partially due to these visits.

The administrative year was still quite young when your president realized the faulty condition of the by-laws, this being due to the fact that each year a patch was added here and there, until it resembled a crazy-quilt, more than the by-laws of an organization of our importance.

A By-Law committee was appointed, consisting of

Colonel Franklin Blackstone, Pittsburgh, Chairman.

Mr. L. T. McMahon, Boston.

Mr. J. R. Hewitt, Baltimore.

Mr. F. E. Parker, Detroit.

Mr. S. H. Talkes, Washington, D. C.

Mr. A. B. Buckeridge, Pittsburgh.

This committee was ably assisted by a special committee, national in character, and headed by Mr. A. J. Kruse, of St. Louis, who gathered important data and which was of great value to the By-Laws committee.

The revised by-laws will be submitted to you today for your consideration and approval, and at the first reading of same, the changes may appear radical. But consider; they were compiled by some of the brightest minds of the association, men representing both departments of the Association, and only agreed upon after several meetings and months of study and deliberation. It will also be well to consider that this committee is as deeply interested and as jealous of the welfare of the National Association as any man or woman, or men and women in our organization.

The most important changes in the by-laws look to a complete unification of the two departments.

The consolidation which took place in Houston was supposed to have created one organization. In name, it was; in practice it was not. Day by day it developed, it was a wheel within a wheel, and it has now reached the stage of a "house divided." This supposed "one organization" has been trying to successfully operate, to properly function, with virtually two sets of officers and two sets of by-laws. It was not a case of "two souls with but a single thought, two hearts that beat as one." It was and is a case of two souls with two separate and distinct thoughts, two hearts beating separately and apart.

My earnest plea, ladies and gentlemen, is that you will consider well these new by-laws. If any doubt exists as to their value to the National Association, give the committee, who have labored long and well, the benefit of the doubt.

During my administrative year, being closely in touch with the National office, having devoted four months of my time in the office, I have been firmly convinced of the truth of the old adage, "Too many cooks spoil the broth." So, I beg of you, you who

love the National, love it because it stands for what you stand for.

Give us an association managed by one managing director, who will be under the control of one board of directors, and governed by one set of by-laws. Do this, my friends, and your handiwork in the shape of a Great National Association, the greatest commercial and mercantile organization in the world, will be handed down to posterity.

I call your special attention to the outstanding services rendered to the members of our association. All have proved helpful.

Aids in Collections.

Tracing Department.

4-Point Letter System.

Statistical Department.

Improved CREDIT WORLD.

Expansion of Service Department.

Uniform methods of credit granting and collections, bringing us nearer a uniform community credit policy.

Programs for meetings of local associations.

Regional educational conferences.

Raising of the standards of the reporting agency service in the country.

We have laid the foundation for installing a course covering credits and collections in two state universities and within the next year aim to install a like course in every university in the country.

In conclusion, I do not wish to bind the incoming administration to a "continuing policy," realizing that each new administration has its own ideas. I do, however, recommend that the Research and Statistical Department be further developed and carried forth to such a degree as consistency for practical purposes will permit.

In the past year there were placed upon the statutes of several states, many legislative matters favorable to credit granting and collections, and many unfavorable ones have been killed, by the activity of the National, state and local associations. I recommend that a strong Legislative committee be appointed for each state, under the supervision of a National chairman.

We have seen the advantage of a consolidation of reporting bureaus, which is producing greater efficiency at the lowest possible cost. Therefore I recommend that the board of direc-

(Continued on page 29)

# Taking the Application and Declining the Account

(Continued from page 12)

Personally I use a self compiled card 8x5½ inches, containing 12 essential questions, exclusive of references, which I think is ample for all requirements, and which, with pardonable pride, is the best I have yet seen.

But little does it matter how good a questionnaire we may possess. Unless it is handled in a diplomatic, tactful manner, it entirely fails of its purpose.

Each applicant for credit must positively be judged on her merits, and it is asinine indeed to use the same procedure in conversing with, say a lady of social standing, whose husband is an executive in a well known firm, and a problematic stenographer, who resides in the apartment house district. It is superfluous to add that every credit man should know his city, and know it well.

It is imperative that the full name of both husband and wife be obtained. The latter can be gotten by asking the lady to sign as she signs her checks. If she simply signs Mrs. John Jones, urge that she sign "Mrs. Helen Doe Jones," in order to prevent possible mistakes, and for comparison in cashing checks, which the house will be pleased to do for her, and so on.

Having obtained that, and the names of at least three stores where she carries accounts, you can almost close the deal, as your bureau undoubtedly has on file a complete report on the applicant.

With the stenographer and representatives of her class, it is entirely different: one of the first questions I ask is, "Are you living at home with your parents?" If yes, then get their name, occupation, length of service, and store references; if not living at home, then you may go the limit and tax your ingenuity in obtaining all possible information, particularly name and address of relatives, or close friends.

In San Francisco we have a 20% change in each telephone directory published, containing, as it does, over 155,000 names. Why is the American public like Ivory soap? Because it floats. It is well to see in every applicant of this class a potential

delinquent or skip, and as you may possibly never again have the opportunity of an interview, make hay while the sun shines. By so doing you greatly assist your collection department and make recoveries.

From the average customer, however, assuming she appears desirable, you may obtain a fund of information very much worth while. If opportune, find out why the customer selected your store instead of a competitor's. The replies are valuable, interesting, and often surprising. Get the names of a couple of friends, if you can; these can be checked up through your bureau and may be solicited or placed on your mailing list. Above all, you have a wonderful opportunity to state your terms, which should be repeated slowly and intelligently, in which case, if ever necessary, you can always remind the customer of the fact.

A couple of weeks ago, I interviewed a lady who is a professor of sociology at one of our universities. The questions asked were about three or four, but in digressing on the subject of her vocation, and one in which we should all be deeply interested, all the necessary information required for opening the account was secured and a delightful five minutes' entertainment on social questions thrown in.

It can be done; it should be done, and it must be done with mutual satisfaction to yourself and your patron, and one of the best possible forms of advertising for the firm you represent.

We now come to the subject of declining the application; and with this I will deal very briefly, bearing in mind, however, that it is a delicate matter and one to be handled with kid glove methods, always with the thought uppermost in your mind that even though we decline to extend credit to an applicant, her coin of the realm is legal tender for merchandise, and that a merchant is dependent upon the public at large for his very existence.

Should we tell a customer, when completing an application, that she is declined? Positively *no!* First, because until you have checked the name through your bureau, you are not in

possession of complete information, and in no position to give an impartial decision.

In my judgment, the preferable method is to write the applicant a letter, similar to this:

Dear Mrs. Jones:

Your recent application for a charge account with our store has been given careful consideration. As is our usual custom before a new account is opened, we have endeavored to acquire, through the channels of the Retailer's Credit Association, of which all the leading stores are members, such information that would serve us as a basis for credit. At the time of writing, we are not in possession of sufficient information which will permit us to form a definite conclusion.

We will be more than pleased, however, to take the matter up with you again, and suggest that you kindly call at the office of the undersigned at your earliest convenience.

We value your patronage and hope to be favored with a continuance thereof.

Thanking you, we are

Yours very truly,

Very often she will call again and the subject can be reopened. If habitual neglect is shown, then you have no other alternative than to graciously decline the account—but make every effort to sell your house on a cash basis. I have seen this done so diplomatically and tactfully that the customer actually believed she was being conferred a favor.

If, on the other hand, it is shown that prolonged sickness, bereavement, or exceptional uncontrollable circumstances are responsible for the delinquency, as shown in the report, then it is the paramount duty of the credit man to reconsider the application in a kindly and sympathetic spirit.

Properly handled, an application of this nature, declined by some, may become a profitable account. Verily, the stone which some builders have rejected becomes the head of the corner.

Such an interview should always be conducted in private, and personally. I could never see the advisability of naming the stores who furnished the derogatory information. The bureau is the recognized clearing house, and as such should be so utilized.

(Continued on page 31)

## Selecting Charge Accounts

(Continued from page 13)

Isn't he then, to that extent, doing the bank's business? In all probability, too, the merchant is borrowing money from the bank to make his financing of the customer possible. If so, isn't he simply paying the bank the profit that his customer should be paying? It's worth thinking about.

### HAVE YOU EVER KNOWN?

Have you ever known of a bank that would loan money (extend credit) to anyone without definite knowledge as to the borrower's ability and willingness to pay at the time the payment is supposed to be made?

Have you ever known of one of the big stores, the kind that classify customers' accounts as "mighty good medicine" for themselves, that would unhesitatingly meet the demand of the masculine or feminine stranger who issues the "Just charge this" command in tones of supreme confidence, simply because he or she has rolled up in a limousine and looks every inch of the modern million dollars?

### THIS HAPPENED TO ME

Our small household almost invariably pays cash for what is bought, excepting groceries. On the occasion of the experience about to be related, we had lived in the city where this happened, about four and a quarter years.

Almost since the time of our coming I had been a member of the Chamber of Commerce, the Rotary Club and various other organizations. By way of occupation, I was listed as "educational director" for one of the large and substantial businesses, perhaps one of the most widely known industries that headquarters in this city.

And I used a business card that was fully in keeping with the—well, I suppose I'll have to say the "dignity" of my position. Beautiful little pasteboard—all embossed an' engraved 'n everything.

### WHERE THE CARD COMES IN

Here's where the card comes in: On the eventful day in question I bought a few articles in one of the leading stores.

Some additional work was to be done on these items and if I had paid the bill then and there I would have had

to wait for an estimate on the price of the work.

Not wanting to wait, I simply handed the salesman one of my cards, with the suggestion that he might have an account opened and the bill sent to me when the work was finished.

### THE TELEPHONE IS ANSWERED

Not long afterward I answered the telephone.

"Mr. Koch?" queried a pleasant, well-rounded, masculine voice.

In common with oodles of others, he got the sound of the name several degrees off from the Websterian version of "Kok" (long o) which we happen to use.

"Yes, this is Mr. Koch," I replied, pronouncing the name a la Webster. Quick as a flash he came back, carefully pronouncing the name exactly as I had.

### THE CREDIT MAN IS ON THE JOB

"Mr. Koch," he said, "this is Mr. A., credit manager for X, Y and Z."

By way of acknowledgment I said: "Yes, Mr. A." And then I waited for

that we cannot very well open an account just on a card."

I might have stated at that point I was in position thoroughly to appreciate the inconveniences of opening an account on a card, unless it should happen to be a ledger card.

But my thoughts went quickly back to the leaving of my perfectly proper and entirely elegant little business card, and I inwardly congratulated myself on the prospect of unexpectedly having a good object lesson on the correct extraction of credit information, a subject in which I held an unusually keen interest.

### SOME QUESTIONS ARE ASKED

He proceeded at once with his well chosen questions: "Have you an account at any other store?"

"How long have you lived in the city?"

"Do you have a bank account?"

I was forced to qualify my affirmative reply with the assurance that it was unfortunately like the rabbit's tail—hardly big enough to be worth mentioning.

But after a very brief, rather audible smile, he went right on with his questions:



The merchant who extends credit out of sympathy is either charitable or foolish

developments. They came promptly, calmly and pleasantly.

Said Mr. A.: "I believe you left your card with one of our salesmen, asking that an account be opened."

"Quite right," I responded.

"Well, Mr. Koch, will you be kind enough to give us a little further information? You understand, of course,

"At which bank do you have your account?"

"Do any of the officers of the bank know you personally?"

"Can you give me the names of some of the local businessmen who know you?"

I could and almost regret that I did. A comparatively few names seemed to

(Continued on page 28)



## The Secretary's Annual Report—Continued

### "M" Ticket

One of the privileges of the bureau's affiliation is the use of the "M" Ticket, the official prepaid inquiry ticket. Send a ticket, you get the report. No worry, no fuss, no quibbling about compensation. Over one hundred and sixty-two thousand were used last year.

### "T" Ticket

The National Association discourages the "Direct Inquiry" as being uneconomical, unsafe, and unsatisfactory. Not only that, but the direct inquiry triples the work of the credit department in duplicate reporting on the same individual. A year ago the organization legislated the machinery for clearances through the bureaus. This machinery, the "T" ticket, provides in lieu of the direct inquiry, a better and safer way to obtain information.

### EDUCATIONAL

#### Research

The organization receives practically every local credit bulletin published. Every one is searched for ideas to broadcast to the entire membership. Worth while articles are reproduced to help the local secretary provide interesting copy; to sell and resell the bureau service. This year, for the first time, every subject printed by the organization from 1906 to May 31, 1927, is indexed.

#### Text Book

In July, 1927, the organization issued the first and only text book on "Credit Bureau Management." The eighteen chapters and three hundred pages are in fact an encyclopedia of bureau information, replete with illustrations and forms.

#### Conferences

Grossly underfinanced as many bureaus are, it is often impossible for the manager to attend the National conventions. The organization does the next best thing. It helps to bring district and state conferences to the manager. Experience shows that the best bureau service is to be found in organized states. "Ignorance may be bliss," but "knowledge is power."

### PROTECTIVE

#### Semi-Monthly Bulletin

Forty per cent of the bulletin space is devoted to protective work. Hot check artists and fraudulent schemes are broadcasted to the nine hundred allied bureaus, and through them to thousands of merchants. This feature has prevented numerous frauds and apprehended many crooks. One member of our force, specializing in protective work and working with every known agency for crime suppression, has saved the business men of this country thousands of dollars.

#### Red Roster

Appropriately named, this Roster lists over five hundred "House Agencies." In addition to its protective features it affords another excellent sales argument for the bureau manager.

#### Reporting Service

The National will, upon request, furnish any member free of charge a report on any house or collection agency. There are on file at the present time three hundred and seventy-five complete reports on collection agencies and over five hundred on firms using "House Agency" names. Armed with such a report many a bureau member has flagged a raid on the home town merchants.

#### Field Work

Another distinct service is the employment of an experienced bureau manager, Mr. Guy H. Hulse, as field secretary. Since November, 1926, Mr. Hulse has traveled thousands of miles through some thirty-five states. The intangible results of his inspiring work are beyond measure. Tangibly, by the time this year book reaches the membership, Secretary Hulse will have brought into the National fold between eighty-five and ninety bureaus.

In addition, the service secretary has traveled seventeen thousand miles and the service chairman probably an equal distance.

#### Tracing Department

During the fiscal year 7,419 names were listed and 2,809 were located. It does not follow that only thirty per cent are located inasmuch as many of the 7,419 have just been turned in and the department has not yet had an opportunity to exhaust all of its various resources.

For some time, the department operated at a loss. The last year it has shown a quite nice profit. (Note: Department is not charged with percentage of general overhead expense.)

Receipts.....	\$4,335.83
Expense.....	3,176.73
	<u>\$1,159.10</u>

### Collection Department

One of the services of the "4-Point Collection System" is that it provides the privilege of referring the account to the National office if the several collection letters fail to secure payment. In reality, a better name for the department would be the "Forwarding" Department, in that the account is forwarded to the local bureau for collection. This service is operated practically at cost.

Receipts.....	\$5,207.93
Expense.....	\$ 924.08
Paid Clients.....	4,087.56
	<u>\$ 196.29</u>

### FINANCIAL REPORT

As explained in the July Service Quarterly, the Service Division fiscal year closes May 31st. To conform with the National's fiscal year the following statement is submitted showing operations from July 1, 1926, to June 30, 1927.

Receipts		
Balance on Hand, July 1, 1926.....		\$4,497.88
	July '26	
	June '27	
Division Dues.....	\$10,254.50	
Assoc. Dues.....	2,058.61	
Spread.....	8,745.30	
Aid.....	4,583.26	
Over.....	193.12	
Interest.....	46.38	
Bulletin.....	91.80	
Refund.....	25.00	
Tracing Dept.....		
Coll. Dept.....	5,207.93	
M Ticket.....	2.00	
Loan.....	1,000.00	36,543.73
		<u>\$41,041.61</u>
Deduct Expense Checks Nos. 1202-1761-5000-5418.....		39,413.03
		<u>Balance June 30, 1927.....</u>
		\$ 1,628.58
Progress		
July 1, 1926—Savings Acct.....	\$3,951.41	
July 1, 1926—Checking Acct.....	4,497.88	
	<u>\$8,449.29</u>	
June 30, 1927—Savings Acct.....	\$4,309.21	
June 30, 1927—Checking Acct.....	1,628.58	
	<u>\$5,937.79</u>	
Loss.....		<u>\$2,511.50</u>
Disbursements		
	July '26	
	June '27	
Book Account.....	\$ 250.00	
Memb. Campaign.....	355.15	
Printing M. B. R.....	3,695.71	
Printing Office.....	810.24	
Salaries, Exec.....	9,401.05	
Salaries, Field.....	3,651.93	
Trav. Exp. Sec'y.....	1,152.22	
Trav. Exp., Field.....	2,325.40	
Trav. Exp., Other.....	914.44	
Postage.....	871.91	
Assn. % Division.....	2,058.61	
Ticket Exp.....	2,815.45	
Convention Exp.....	319.40	
Board Control.....	26.30	
Office Supplies.....	504.61	
Wires.....	372.64	
Audit and Bond.....	172.50	
Over.....	193.12	
Exchange.....	51.26	
Refund.....	156.50	
Miscellaneous.....	117.22	
Tracing Exp. and Coll. Exp.....	3,176.73	
	<u>924.08</u>	
Collect Exp., Paid to Cl.....	4,087.56	Total
Loan.....	1,000.00	<u>\$4,100.81</u>
		<u>\$39,413.03</u>



## "Surely Wilcox isn't delinquent"

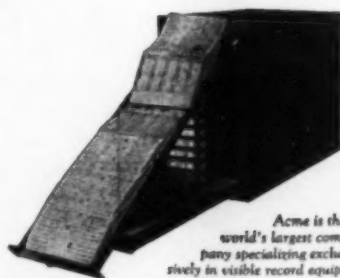
"I'm sorry to say he is, and for the second time," replied the accountant. "Recently he's had several serious setbacks in his business. We'll have to watch him."

When an old customer suddenly becomes slow-pay, it's startling. Certain accounts seem so absolutely guilt-edge. Yet now and again the best of them will slip. And only the most perfect accounts-receivable records will show it instantly and automatically.

That's why some 90% of the firms listed on the New York Stock Exchange use Acme Visible Records. For

oversights of any sort are virtually impossible with Acme.

Any variation from the normal, in credit, stock or sales conditions, shows up at a glance. Not just recorded—but recorded visibly, clamoring for attention and action.



Acme is the world's largest company specializing exclusively in visible record equipment. Offices in principal cities.

We believe you would enjoy a talk with the trained Acme man near you; or a reading of our new book: "Profitable Business Control." The coupon, checked and attached to your letterhead, will bring you the man, the book, or both. Without obligation, of course.

# ACME

## VISIBLE RECORDS

ACME CARD SYSTEM COMPANY

CW-6-27

116 South Michigan Avenue, Chicago

Gentlemen:

☐ You may send me your book "Profitable Business Control"

☐ You may send your nearest representative to see me

☐ Please write me concerning your system for handling \_\_\_\_\_ records.

NAME \_\_\_\_\_

FIRM NAME \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

## Selecting Charge Accounts

(Continued from page 25)

satisfy him. He thanked me and my lesson was quickly ended.

But it was continued the next day when I called on him and assured him of my interest in his methods.

### THE CREDIT MAN EXPLAINS

Very diplomatically he explained that in credits, as in all else, the very best (obviously inferring that I belonged to that exalted class) are frequently the hardest to get a line on.

If I had been using accounts at other stores, the Credit Bureau would have

is accepted; and it matters not what the size of the store and the size of the town may be.

Time was, and, unfortunately, still is in a few backward spots, when some of our "clever" merchandisers seemed to consider it somewhat of a balm to their open account wounds to assist wily scalawags in doing unto their fellow merchant as they had done unto them.

### CO-OPERATION IS ESSENTIAL

These men had not learned the meaning and the worth of co-operation.



The man who formerly paid cash for everything tries to identify himself

been in position to furnish all the required information, and I would not have been bothered. But the bureau has no information on cash customers.

It seems, you see, that the "boob" who pays cash isn't known. I believe a few people found that out during war times when sugar was to be sold to "regular" customers only. Remember?

That suggests another advantage to the customer in running an account. He becomes a man of record—he is known.

### IT REQUIRES THOROUGH INVESTIGATION AND CALM JUDGMENT

Isn't it true that the basic principle remains exactly the same whether in the big store with a special credit man, or in the smaller place where the merchant officiates in that capacity himself?

It requires thorough investigation and calm judgment, *before the account*

They did not realize that every time we help another we help ourselves, and that every time we injure another we injure ourselves. That is, however, the infallible law of compensation. It works just as unfailingly, though not always as apparently, as the forces of gravity.

But, thanks to the many constructive influences constantly in action, co-operation is coming to be more and more generally recognized as an absolutely essential element in today's complex commercial fabric. Merchants are seeing more and more clearly that credit information should be given to and obtained from the local credit bureau, wherever possible.

### THE CREDIT BUREAU HELPS

The modern co-operative credit bureau stands out as a particularly valuable and helpful agency that is of benefit not only to the merchants for whom the bureau is primarily operated, but to the entire community as well.

This is an obvious fact, because we know so well that the community is nothing more nor less than a group of individuals functioning collectively. The quality of the community must, therefore, depend upon the quality of its individuals—its component parts, and it certainly is derogatory to the individual to be permitted to fall behind in the race for economic stability.

### OMAHA WAS TOLD

Some years ago the credit bureau of the Associated Retailers of Omaha ran full-page newspaper advertisements for the commendable purpose of acquainting Mr. and Mrs. Omahan, as they put it, with the aim of the bureau and its method of operation.

Under the caption "Educational Value of Bureau in Business Life of Community," the Omaha advertisement presented the community-developing idea in these words:

"Aside from the phase of the work which would seem primarily important—i. e., guarding the merchant against bad accounts, reducing costs to the public—there is another important feature of the work being done by the Associated Retailers' Credit Bureau. And that is the educational value to the whole public.

"Mrs. John Smith, purchasing agent for her family of four, has gotten into the habit of holding up payment of her various accounts for from three to six months. Collectors from the stores have bothered her; have bothered her husband at his work.

"Every pay day her money is consumed on back bills. She is always behind. She does not save a dollar. The family life is always harassed by financial worry. And it continues so, until the credit bureau decides she is not worthy of credit.

"Then she awakens to her true situation. Gradually she improves it, and in time becomes 'good credit' again. The Smiths begin to live better, to save money and become of greater value to their community."

### WHERE PERSONAL PERSUASION IS NEEDED

Surely, the co-operative credit bureau idea must commend itself to all progressive merchants.

The only surprising part of it seems to be that there remain any cities or towns large enough to support such an



institution that have not yet availed themselves of its benefits.

But perhaps it is even more surprising that there are to be found, in some of the communities that have co-operative credit bureaus, a few merchants who appear to be too much "asleep at the switch" to give the bureau the support and co-operation that it must have in order to function to the best advantage of themselves as well as others.

Such men probably require a little personal persuasion, tactfully administered by some good fellow merchant who has seen the light and knows how to point it out to others.

#### "WHAT INFORMATION SHOULD I HAVE?"

"What information should I have about a prospective charge customer before opening an account?"

A merchant from a town of about ten thousand asked this question in the presence of a successful retail credit man for a large department store.

The reply, though given as a broad generality, seemed to me to come very near hitting the nail right on the head. This is what the credit man said:

*"You should have enough information to know, as absolutely as it is humanly possible for you to know, that the customer will pay his account in full when it is supposed to be paid."*

#### AMONG THE UNKNOWN

An attorney who makes a specialty of mercantile adjustments and collections tells me that the number of accounts he has found in commercial wreckage, without any means of identifying them, is absolutely astounding.

He states that the delivery boy undoubtedly must have succeeded in locating the house at the time of making delivery, but the address did not become a matter of record.

"And the number of accounts we find without initials—it's almost unbelievable," says this man who sees so much of the results of the careless handling of charge accounts.

"No wonder," he adds, "that there's need for such a business as mine."

#### CAUTION IS THE WATCHWORD

The most ordinary of human intelligence should guide anyone in guarding successfully against such inexcusable "boners" as opening an account with-

out knowing the full name and the exact address. Only the sheerest of carelessness can account for such occurrences.

It simply shows that from the beginning to the end of the investigation the most important watchword to be remembered is CAUTION!

The detail of the information required properly to judge a prospective charge customer necessarily varies. Surely, however, such essentials as correct name and address, former address, occupation, where employed, grocers traded with and other references, are needed in every instance.

In addition to this, the great watchword—CAUTION—will serve as a helpful guide in deciding each specific case.

Remember the words of the credit man:

*"You should have enough information to know, as absolutely as it is humanly possible for you to know, that the customer will pay his account in full when it is supposed to be paid."*

And remember, too:

There is certain definite information that the charge account customer must have about the grocer and his method of doing business, as well as that the grocer must be fully informed regarding the customer's ability and willingness to pay when the payment is due.

## The President's Report

(Continued from page 23)

tors instruct the managing director to organize a National collection department under the management of a capable collection man, with the object in view to unite the various bureaus who do a collection business into a National department, so that accounts for collection can not only be promptly handled, but to assure our merchants a more reliable service and eliminate the unworthy collection agency.

I wish to take this opportunity to express my sincere thanks to the entire membership for their loyalty and co-operation during the past year. When I assumed the office of president, I was conscious of the responsibility, the sacrifices and the labor attendant upon same. The pleasure in serving you has repaid me for the mite I have contributed.

Respectfully submitted,  
E. B. HELLER.

## Use These Electros

On your letterheads, bills and statements. Cuts below are actual size.



50c



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Put the power and prestige of this Association behind your collection work.

Order from

**National Office**  
Equitable Building  
Saint Louis

# Foundation Stones of Prompt Collections--Credit Education and a Uniform Credit Policy

By DANIEL J. HANNEFIN, Better Letters Counselor

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EVERY retail store—every community—the whole business of retailing—should establish a uniform credit policy.

And by this I mean a practical policy—*put into practice*.

Too many credit policies today are only theories, something to frame and hang on the wall.

Too many credit men who get up in local meetings and talk in "hard boiled" fashion about "cutting them off after sixty days," in actual practice don't set their collection machinery in motion until after an account is ninety days old!

Why all this "hard boiled" talk, in meetings and conventions, about strict enforcement of terms, on one hand—and the laxity in enforcing terms in actual practice on the other hand?

Isn't it because of the lack of a uniform credit policy—because each credit man fears the loss of customers to some more lenient store?

And if all the stores in each community adopted a uniform credit policy and uniform terms (all accounts for each month payable on the tenth of the following month) wouldn't it be to their mutual benefit?

And then, as the next step, if they all educated their customers to the business necessity of prompt payments, wouldn't their collections automatically improve?

But, you don't have to wait for unified action, desirable as that would be. In your own store, you can improve your collections by "educating" your customers and making them "credit conscious."

A word of caution here, though: Approach this subject with an open mind, discarding old prejudices.

Just because you print your terms on your statements in eight-point type, don't sit back and say: "Our customers know our terms—we expect them to keep faith with us." That's the old way of putting the customer on the defensive.

If you were a salesman you wouldn't say: "Our customers know our prices—

it's their duty to buy from us," would you? Not much!

But, you are a salesman! Your job is to "sell" the customer the idea of paying his bill and then to keep him "sold" as a customer—a "prompt-pay" customer. And that requires salesmanship of the highest order!

With new customers, credit-education should begin with the opening of the account. It isn't enough to have terms printed in the application blank. Most people don't read fine print in the things they sign and, too often, they consider it a mere formality anyway.

The place to write your terms *and the desire to pay according to your terms*, is in the mind and heart of the customer, in that first interview. Explain to the customer why prompt payment is necessary, both from his viewpoint and yours. Give him a reason for paying promptly.

Most customers are honest by nature—and careless by habit. In the majority of cases, knowledge of credit and credit machinery is elemental.

And people of this type "wonder why." "Why are they in such a hurry?" "Why are they always writing dunning letters?" "Don't they know their money is good?" And so on and on and on.

Remember, the average customer doesn't regard credit terms in the same reverential manner you do. As a matter of fact he doesn't think about terms at all.

To you, as a specialist, credit terms and prompt payments are the life blood of business. To the customer, they're just some abstract terms that you're always writing about!

So put yourself in the role of the patient teacher—the man with a message—the evangelist of better credits. Tactfully, patiently, in an easy conversational way, explain to the customer, in that first interview, the "why" of credit terms. Explain to him (or her) that it is more than just a fetish—that it isn't just a whim of yours.

Write it indelibly into that customer's mind that you're just loaning him (or her) your merchandise; that it isn't really sold, as far as the business is concerned, until it's paid for. (And that's a point for you to remember, too. Accounts receivable only represent merchandise that has been taken out of your stock, until it's paid for.)

Paint a word picture of the magic circle of credit—how it affects all business even to the general prosperity of every one: "When you pay us, we pay the manufacturer, the manufacturer pays his employees, his sources of raw materials and the interest on his bonds and, whether you are an employee or a clipper of bond coupons, somewhere along the line it comes back to you. That's the magic circle of credit."

Appeal, too, to the customer's self-interest, the strongest of human instincts. Show him (or her) the *real reason* for prompt payments—the rapid turnover of capital and the resultant reduction of overhead costs. Explain that by insisting that *all your customers* pay on the 10th of each month for the previous month's purchases, you can turn your money over twelve times a year instead of six on a sixty-day basis, four on a ninety-day basis or only twice on a six-months basis.

Drive home the connection between this turnover and the actual savings to the customer in better merchandise values.

This interview—when a new account is being opened—is usually your first and last personal contact with the customer. Make the most of it—and lay your foundations well!

"But what has all this to do with Better Letters?" you're probably asking. Just this, that we're laying here the proper foundations upon which to build Better Letters!

## LETTER OPENING NEW ACCOUNT

Having laid your foundations in your interview, you can reiterate your position in your letter formally notifying the customer of the opening of the account.

This letter is the written record of the opening of the account and should refer in a pleasant way to the personal interview.

In this way you can, without offense, refresh the customer's memory of the interview, and at the same time restate your terms and their reason for being. And, if the customer is a good risk, this letter should by all means contain an earnest, sincere invitation to make utmost use of the facilities of the store.

\*Model Letter No. 16 in this issue, embodies these general principles.

#### THE FIRST STATEMENT

Here is the crucial test of the customer's willingness (or ability) to pay. Ordinarily you would send the regular monthly bill and let it go at that.

But, now that you've committed yourself to a policy of credit-education, you can't overlook this opportunity to cultivate the prompt-pay thought in the customer's mind—the idea that *your bill is going to be paid in accordance with the terms agreed upon.*

Of course you can say that your terms are printed on your statements, but who ever reads term on statements?

Let me picture to you the average customer receiving monthly statements:

The first of the month. The postman brings a sheaf of window envelopes. "All bills," he says, by way of conversation. Your statement, Brown's statement, The Hub's statement, and a lot more, all looking as much alike as peas in a pod.

Does the customer sit down in joyous expectation to read the fine print on all those statements? He (or she, it doesn't matter) decidedly does not! A glance at the names. A glance at the amounts. For one agonizing moment a mental picture of the balance in the well-worn check book. "Whew!" Fade-out vision of poor-house! All bills laid aside. And that's that!

But hold a moment! Under your new credit-education system, your first statement doesn't arrive with all the others to share their common fate.

Yours is different! You won't mail your first statement in a window envelope with a metered mail imprint on it. No, you'll get nice, crisp envelopes, no printing at all in front, just your street address and city printed

in small type on the back flap. And you'll put a nice red two-cent stamp on it and it will be different.

And when the customer opens this different letter, this personal letter, he (or she) will find a letter thanking him (or her) for the business of the past month, expressing the hope that it is only the beginning of a long and mutually pleasant relationship, and enclosing your first statement with (just by way of no harm) mention of the fact that your bill, "in accordance, etc.," is due and payable on the 10th, "of course."

That's just another step in your credit-education plan!

(See Model Letter No. 17, this issue)\*

#### WHAT ABOUT FOLLOW UP?

If your first statement isn't paid on the tenth, your follow-up should begin in earnest between the 20th and 25th of the month—in other words *before your next statements* (which will carry two months' purchases) are mailed out. Model Letter No. 18 (this issue) is suggested for this purpose and the other three letters (Model Letters Nos. 19, 20 and 21)\* should follow in regular sequence.

Remember, prompt collections promote prompt payments!

#### BUT, WHAT ABOUT EDUCATING OLD CUSTOMERS?

This issue is primarily designed for use on new accounts, on the theory that you can start them off "with a clean slate."

But, there's no reason why you can't use credit-education on your old customers, too. In fact, if you'll look back to the April issue of this Service, you'll

find a group of collection letters which contain this feature.

And the next "collection-letter" issue (October) will contain a complete credit-education plan for use on old customers.

\*Editor's Note: The letters mentioned in this article are part of the July issue of the New Better Letters Service.

## Taking the Application and Declining the Account

(Continued from page 24)

In these disjointed remarks, many of which I hope you will subject to question, I have left much unsaid—for instance, no reference has been made to the value of a bank account, which is a debatable subject.

I have endeavored to stress the value of a complete application, believing in its wider scope, and ultimate efficacy as an instrument of real value, often underestimated.

In conclusion, in these days of keen competition, when volume seems to be the only objective, dealing as we do with a fickle public, insistent on immediate, and often unreasonable service, your duty and mine is to equip ourselves like men possessed with a knowledge of our customers and our craft, which forever places us beyond reproach.

**FOR SALE:** Credit reference bureau and collection business, in a town of 12,000. Well established and private ownership; in the Northwest. Address Box D, Editor CREDIT WORLD, Equitable Bldg., St. Louis, Mo.



Associated Retail Credit Bureau of Wyoming and Colorado  
July 11, 1927, Alamosa, Colo.





For seven years this Kardex Credit installation has been speeding up credit authorizations for the Killian Company, of Cedar Rapids, Iowa.

**..... "Kardex permits us to give our customers practically instantaneous service without sacrificing the proper control of accounts" ...**

ONE DAY, back in 1920, the Killian Company, one of Cedar Rapids' large department stores, was confronted with a serious problem... a problem which every department store faces at sometime or other. And that was the problem of providing speedy authorization on "charge take" and "charge send" sales. And besides speedy authorization they also wanted a system which would enable them to maintain an accurate check on credits at all times. So, they called in the Kardex Man and he showed them how Kardex was solving such a problem for scores of other stores throughout the country, with the result that the Killian Company joined the ranks of satisfied Kardex users.

That was seven years ago. Today, the original Kardex installation is still in operation. Its speed and



Above: Mr. R. A. Vetter, Credit Manager of the Killian Company, is an enthusiastic Kardex booster.

Right: The Killian Company store in Cedar Rapids, Iowa.



accuracy in authorizing credits, its low cost of operation and the control of accounts which it affords through the use of colored, transparent signals, have made it almost indispensable in their daily credit authorization routine.

#### A KARDEX CREDIT APPLICATION FOR EVERY TYPE OF BUSINESS

'One of the most notable things about Kardex is that it may be adapted to a business or retail store of any type or size.

If you would speed up authorizations on credit sales and maintain an accurate check on your accounts at all times, then call in the Kardex Man and let him show you how Kardex credit records will make these two things possible in your business. There is a Rand Kardex Service Corp. office in your city, so call him in today!



Rand Kardex Service Corp.  
Dept. C. W. 8, Tonawanda, N. Y.

Without any obligation on our part we should like to have the Kardex Man show us how Kardex Credit and Collection records may be adapted to our business.

Individual.....  
Firm.....  
City..... State.....

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